

NEW YORK CITY'S COVID-19 FEDERAL RELIEF FUNDING: IMPLICATIONS FOR HUMAN SERVICES AND WORKFORCE DEVELOPMENT

**A report by
Derek Thomas and James A. Parrott
December 16, 2021**



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A report by Derek Thomas and James A. Parrott
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Acknowledgments

Funding support for this report was provided by the Robin Hood Foundation. We would also like to thank Bruce Cory for editorial assistance, Isabella Wang for designing the cover and the report webpage, and Kristin Morse and Seth Moncrease for general support.

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Preface

This report details how the City of New York is utilizing \$20 billion in Federal Covid-19 relief funding. Since the onset of the pandemic in the spring of 2020, the Center for New York City Affairs has closely tracked the pandemic's economic and labor market consequences in New York and issued a series of reports, policy briefs, bi-weekly economic updates, and presentations. These can be accessed at: <http://www.centernyc.org/covid19-economic-impact>

Our monitoring extends to the budget and economic policy responses of the City and State governments. In this vein, forthcoming reporting will examine how the State of New York is utilizing \$47 billion in Federal Covid-19 fiscal relief funding flowing through the State budget. A recent report, [New York State's Lagging Recovery from the Covid-19 Pandemic](#), documented Covid's statewide economic and employment impact.

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Executive Summary

In March of 2020, the Federal government took immediate action to contain the rapidly spreading Covid-19 virus, protect Americans' health, and stave off a severe economic downturn. This report examines how seven Federal actions supported New York City, with an emphasis on human services programming by the City of New York.

In all, New York State individuals, businesses, institutions, and governments have been allotted \$283 billion in Federal Covid-19 relief funding. Two-thirds of this amount took the form of unemployment benefits to workers, assistance to businesses, economic impact payments or "stimulus" payments to households, and other forms of assistance to low-income households. These relief funds kept New York's poverty rate from soaring, shored up tens of thousands of local businesses, stabilized State and local government budgets, initiated large-scale public health measures, prepared schools for safe reopening, maintained public transportation, and boosted funding for human services such as child care, mental health, and food assistance.

This report details how the City of New York is utilizing \$20 billion in Federal Covid-19 relief funding to support education, public health measures, human services, public safety, and more. New York City is spending about three-quarters (nearly \$15 billion) of the Federal Covid-19 relief funding in FYs 2021 and FY 2022, with a little over one-tenth of those funds supporting human services. The bulk of human services funding last year and in the current fiscal year went to house the homeless in hotels or to prevent families from losing their homes, and for youth-related services. While the City is using \$300 million for job training and \$272 million for small business, tourism, and restaurant industry assistance, these commitments likely will not go far enough to restore employment to the pre-pandemic level, and certainly will not underwrite a "building back better" approach. The City reports that it is using \$300 million in Federal fiscal relief funds for "nonprofit financial support" over five years, but that reflects a \$60 million annual commitment made before the pandemic. Nonprofit human services providers rose to the challenge of the pandemic, providing an array of emergency response services. Yet despite providing these essential services, the City government provided nonprofits insufficient support or guidance. Going forward, the City should recognize that nonprofits are a critical part of crisis response and community recovery, commit to paying equitable wages to contracted human services workers, and fully fund contracts and pay on time.

The pandemic is not over, and New York City is nowhere near full recovery. As of October, New York City's total jobs deficit relative to the pre-pandemic month of February 2020 was more than three and a half times that of the nation (-10.1 percent vs. -2.8 percent). Yet direct Federal fiscal relief assistance for individuals and businesses has largely been exhausted.

Communities of color and low-income communities have borne the brunt of the pandemic's economic costs. A true recovery will require a more targeted local response to connect displaced workers with good jobs, and provide additional skills training or education where necessary so that these workers can embody "building back better."

Glossary

City Human Services Agencies

New York City agencies considered ‘human services’ in this report include the following:

- **ACS:** Administration for Children’s Services
- **DFTA:** Department for the Aging
- **DHS:** Department for Homeless Services
- **DSS:** Department of Social Services
- **DYCD:** Department for Youth and Community Development

Timeline of Federal Relief Actions

The following Federal actions and abbreviations are included in this report’s analysis:

Enacted	Federal COVID-19 Relief Action	Abbreviation	U.S. Total (SMillions)
3/6/2020	The Coronavirus Preparedness and Response Suppl. Appropriations Act <i>Funds for testing, treatment, vaccines, and telehealth</i>	CPRA	\$7,800
3/18/2020	The Families First Coronavirus Response Act <i>Funds for testing, increased states’ Medicaid costs, payroll tax credits for sick and paid family and medical leave, food security initiatives, and enhanced unemployment benefits</i>	FFCRA	\$15,400
3/27/2020	The Coronavirus Aid, Relief, and Economic Security Act* <i>Economic stimulus that provided support for people, states, the health care system, businesses, and nonprofits</i>	CARES Act	\$2,080,000
4/21/2020	Paycheck Protection Program and Health Care Enhancement Act <i>Funds for small businesses, hospitals, and testing</i>	PPP and Health	\$483,000
8/8/2020	Executive Action <i>Diverted funds from FEMA to pay a \$300-per-week unemployment insurance supplement (Lost Wages Assistance) for six weeks</i>	Exec Action	\$44,000
12/27/2020	Consolidated Appropriations Act <i>Aid to small businesses, economic impact payments, increased unemployment benefits, aid to schools, and public health funding</i>	CRRSA	\$900,000
3/11/2021	The American Rescue Plan Act ** <i>Economic impact payments, child tax credits, and funding for state, local, and tribal governments, unemployment benefit extension, public health measures, and education</i>	ARPA	\$1,900,000
Total			\$5,430,200

*Includes CRF (Coronavirus Relief Fund), Coronavirus Emergency Suppl Funding (CESF), and FEMA Disaster Grants

**Includes State and Local Fiscal Recovery (SLFR) Funds and FEMA Disaster Grants

1. All Federal Covid-19 Relief Funds for New York State

Within the first year of the Covid-19 pandemic, the Federal government allocated a total of \$5.4 trillion through six Congressional bills and one administrative action (see the Timeline of Federal Covid-19 relief actions on the previous page) to provide a wide array of economic assistance in response to the far-reaching public health crisis and mandated business closures. Of this unprecedented total, New York State's people, businesses, governments, health care providers, and educational institutions have received \$283 billion in Federal Covid-19 relief funding since March of 2020 (see Figure 1).¹ Most of this Federal aid was included in the CARES Act (\$166 billion) and the American Rescue Plan Act (\$84 billion).

Figure 1

Total Federal Covid-19 Relief Funding Allocated to New York State

	(\$millions)	share of total
Individuals, families and businesses	\$188,959	66.8%
<i>Unemployment assistance</i>	\$83,729	29.6%
<i>Business Assistance (mainly Paycheck Protection Program) *</i>	\$46,029	16.3%
<i>Economic Impact Payments (to tax filers with joint incomes < \$160,000)</i>	\$46,025	16.3%
<i>Food, rental, homeowner, and energy assistance to low-income households</i>	\$8,207	2.9%
<i>Advanced Child Tax Credit (Jul.-Dec. 2021)</i>	\$4,968	1.8%
State and Local Govt Fiscal Relief	\$34,539	12.2%
State/local gov't program funding	\$41,585	14.7%
<i>Elementary and Secondary Education</i>	\$14,794	
<i>Transportation (mainly mass transit)</i>	\$14,590	
<i>Public Health</i>	\$6,466	
<i>Early Care and Education</i>	\$2,785	
<i>Human Services</i>	\$1,678	
<i>Housing</i>	\$1,272	
Funding flowing to a mix of gov't entities, institutions, providers, and students	\$17,969	6.3%
<i>Health Care Providers</i>	\$12,428	
<i>Higher Education</i>	\$5,209	
<i>Other (mainly connectivity for schools & libraries)</i>	\$332	
Total	\$283,051	100.0%

* Excludes \$27 billion in Emergency Injury Disaster Loans to businesses that are non-forgiveable loans.

** Includes EITC expansion for 2021 for workers without qualifying children, and those ages 19-24 and 65+.

Sources: CNYCA analysis of Federal Funds Information Service (FFIS) data, supplemented with data from U.S. Treasury, Center on Budget and Policy Priorities, Urban Institute, and the Peter G. Peterson Foundation.

¹ Since CNYCA's November 4, 2021 *Economic Update*, estimates have increased by \$11 billion (from \$272 billion) as the result of new allocating data being reported.

Nearly 30 percent (\$84 billion) – the largest single component of these funds – took the form of unemployment benefits to workers, 16 percent (\$46 billion) was provided to businesses affected by public health-induced restrictions on economic activity, and another 16 percent (\$46 billion) came in the form of economic impact payments (“stimulus checks”) to households with incomes below \$160,000, disbursed in three installments. A little over \$8 billion was provided to low-income New York households in the form of rental assistance, supplemental food assistance, and enhanced Earned Income Tax Credits.

Of primary interest for this report, and detailed in the following sections, is the funding for human services included in the \$41.6 billion for State and local government programming and the \$34.5 billion in flexible State and local government fiscal relief funds. Most of these flexible funds were included in President Biden’s American Rescue Plan Act (ARPA).

What has been the impact of this \$283 billion in Federal Covid-19 relief funding in New York?

- Unemployment assistance, rental assistance, and other payments to individuals cushioned the economic damage, keeping New York’s poverty rate from soaring.²
- The Paycheck Protection Program, Restaurant Revitalization Fund, and other business assistance – while not reaching all affected small businesses, including many Black-owned businesses – have shored up tens of thousands of local businesses.
- The budgets of New York City, New York State, and the Metropolitan Transportation Authority (MTA) were stabilized.
- Hospitals on the frontlines of the pandemic were compensated and a range of public health needs were initiated, including the deployment of vaccinations and personal protective equipment (PPE).
- Schools were better prepared for reopening this fall.

While the State and the City budgets are now flush with Federal aid that can be used through 2025, relief funds for individuals and businesses have largely been exhausted (with the exception of \$5 billion in added Child Tax Credit funding that is being paid in advance monthly installments in July-December 2021). Yet with winter looming, Covid-19 case rates rising, and the emergence of the new Omicron variant, a new wave of the pandemic appears to be underway. It may put New York City’s continued recovery in jeopardy. Our labor market has been hit much harder than the nation’s as a whole, and there are growing signs that it will not readily recover. As of October, New York State’s total jobs deficit relative to the pre-pandemic month of February 2020 was three times that of the nation (-8.2 percent vs. -2.8 percent), and New York

² “Expanded Child Tax Credit continues to keep millions of children from poverty in September”, Columbia University Center on Poverty & Social Policy, October 2021.

City's jobs deficit was -10.1 percent.³ The city's pandemic jobs deficit stood at 400,000 as of October (477,000 on a seasonally adjusted basis).⁴

2. Federal Covid-19 Relief Funding in New York City's FY 2022 Budget

Of the \$283 billion cited in Figure 1, \$20 billion has flowed or will flow through the New York City budget from FY 2021 through FY 2025 either directly from the Federal government or through the State for agency program funding and, in the case of many human services programs, for contract awards to nonprofit service providers.

Other than provisions within the CARES Act and the American Rescue Plan Act (ARPA) that allowed some room for local discretion, Federal funds that flowed through New York City's budget were designated for specific purposes, such as to support students and prepare schools for reopening, boost funding for child care, mental health, and food assistance, and implement citywide public health measures.

The CARES Act marked the first infusion of somewhat flexible State and local fiscal relief (\$1.45 billion) to New York City through the Coronavirus Relief Funds (CRF). The U.S. Treasury required these to be used for pandemic-related expenses incurred between March 1, 2020, and December 31, 2021. These funds mostly were spent in FYs 2020-21 (\$224 million used in FY 2022), for such purposes as: moving people without homes into shelters and hotels; providing safe summer programming for youth; funding public health measures and protections; and providing small business financial assistance.

The major appropriation of flexible State and local Covid-19 fiscal aid was the State and Local Fiscal Recovery (SLFR) Funds included in ARPA. New York City was allotted \$5.9 billion in SLFR funds to be used between FY 2021 and FY 2025 (see Section 5 for more details on SLFR Funds).

Over the full five-year period, an analysis by the State Comptroller determined that New York City's FY 2022 Adopted Budget and four-year financial plan allocated \$8.1 billion (41 percent) of the \$20 billion total of Federal relief funds to the Department of Education, \$3.4 billion (17 percent) to support public health measures, and \$2.2 billion (11 percent) for human services programs (see Figure 2).⁵

³ James A. Parrott, "New York State's lagging recovery in the wake of the Covid-19 pandemic," Center for New York City Affairs at The New School, December 14, 2021.

⁴ James A. Parrott, "CNYCA's Covid-19 Economic Update, December 2, 2021," <http://www.centrernyc.org/reports-briefs/strong-october-job-growth-when-covid-19-infection-rates-dropped>

⁵ The summary table presented in Figure 2 is from the State Comptroller's August 2021 report on the City's FY 2022 adopted budget. Some of the spending for FY 2021 may have been delayed until FY 2022.

Figure 2

Federal Covid-19 Relief Funding by Use of Funding, New York City FY 2022 Adopted Budget and Financial Plan

(Millions)

Uses of Funding	FY21	FY22	FY23	FY24	FY25	5 Year Total
Department of Education	\$1,021	\$3,152	\$1,777	\$1,389	\$726	\$8,065
Public Health	\$2,464	\$556	\$220	\$125	\$57	\$3,422
Human Services	\$1,331	\$482	\$144	\$90	\$140	\$2,187
Uniformed, Public Safety & Judicial	\$1,273	\$779	\$9	\$9	\$5	\$2,075
Centrally Administered Costs	\$840	\$1,133	\$7	\$7	\$7	\$1,994
General Government & Other	\$1,335	\$531	\$140	\$52	\$48	\$2,106
Total	\$8,264	\$6,633	\$2,297	\$1,672	\$983	\$19,849

Source: Office of the New York State Comptroller, Review of the Financial Plan of New York City, Aug 2021

Figure 3 indicates how the \$2.2 billion for human services is allocated among the five City non-health agencies providing human services, according to the State Comptroller's office. (The Department of Health and Mental Health, DOHMH, is often included among human services agencies but is separated here given the much larger amount of Covid-19-related public health spending.) The City has used or is using most of the human services funding (\$1.8 billion) in FYs 2021 and 2022. Over the period from FY 2021-2025, it has allocated or plans to allocate \$1.1 billion for DHS, \$566 million for DSS, and \$270 million for DYCD. In the next section (Section 3), we report on the specific programming within these human services agencies.

Figure 3

Federal Covid-19 Relief Funding for Human Services Agencies, New York City FY 2022 Adopted Budget and Financial Plan

(\$ millions)

Agency	FY21	FY22	FY23	FY24	FY25	5 Year Total
ACS	\$26	\$10	\$9	\$9	\$9	\$64
DFTA	\$6	\$36	\$64	\$25	\$64	\$195
DHS	\$930	\$105	\$19	\$19	\$19	\$1,092
DSS	\$227	\$257	\$29	\$24	\$29	\$566
DYCD	\$141	\$74	\$23	\$13	\$19	\$270
Total	\$1,331	\$482	\$144	\$90	\$140	\$2,187

Source: Agency totals provided by Office of the New York State Comptroller.

3. Federal Covid-19 Relief Funding for New York City Human Services

While Figure 3 shows Federal relief funding by human services agency, program uses within those agencies are shown in Figure 4. Documentation accompanying the FY 2022 Adopted Budget indicates that \$1.5 billion in Federal Covid-19 relief funds for FY 2021 and FY 2022 were allocated to human services agencies to move people without homes into hotels, fund new senior centers, provide rental and rehousing assistance, provide youth programming, restore nonprofit indirect rate costs, and more.⁶

Figure 4
New York City's Planned Use of Federal Covid-19 Relief Funding for Human Services

(\$ millions)

Agency	Program	FY21	FY22	Total
ACS	Various Covid expenses, nonprofit indirect costs	\$26.5	\$9.9	\$36.4
DFTA	Senior Services	\$0.04	\$35.7	\$35.7
DFTA	Nonprofit indirect costs	\$6.3	-	\$6.3
DHS	Housing homeless in hotels & providing support services	\$690.1	-	\$690.1
DHS	Outreach, Drop-in and Reception Services	\$4.6	\$92.1	\$96.7
DHS	Homeless street outreach (plus small other FY21 Covid expense)	\$10.3	\$9.6	\$19.9
DHS	Cleanup corps	-	\$3.6	\$3.6
DSS	Homeless Prevention	\$160.7	\$168.0	\$328.7
DSS	Food assistance	-	\$32.0	\$32.0
DSS	Cleanup corps	-	\$30.1	\$30.1
DSS	Legal Services	-	\$15.6	\$15.6
DSS	IT and various Covid expenses	\$8.3	\$2.7	\$11.0
DSS	Nonprofit indirect costs	-	\$8.3	\$8.3
DSS	Public Assistance and Employment Admin	\$8.3	-	\$8.3
DYCD	Out-of-School Time (OST)	\$125.6	-	\$125.6
DYCD	SONYC Summer, Summer Rising, CUNY SYEP	-	\$61.4	\$61.4
DYCD	Nonprofit indirect costs	\$12.8	\$12.8	\$25.6
DYCD	Beacon Community Centers	\$2.2	-	\$2.2
DYCD	Summer Youth Employment Program (SYEP)	\$0.7	-	\$0.7
Total		\$1,056.5	\$481.8	\$1,538.3

Source: NYC FY22 Adopted Budget, Budget Function Analysis and additional data provided by OMB.

⁶ There is an unexplained discrepancy between the \$1.8 billion for human services spending for FYs 21-22 in the State Comptroller's data shown in Figure 3 and the human services program level details totaling \$1.5 billion for those two years from the City budget office's Budget Function Analysis shown in Figure 4.

Agency-by-Agency details:

Administration for Children’s Services (ACS)

- Includes funding for various Covid-19 expenses and restoration of increased indirect rate reimbursements in contracts with nonprofit providers.

Department for the Aging (DFTA)

- Senior Services: New York City will invest \$36 million in FY 2022 as part of a five-year \$58 million Community Care Plan for older New Yorkers to create 25 additional senior centers in aging and underserved communities⁷ and expand transportation services and outreach.⁸ The plan also seeks to address contract inequities with a \$10 million infusion of funds from the “model budget” exercise in the FY 2022 budget for staffing and programming.

Department of Homeless Services (DHS)

- Outreach, Drop-in, and Reception Services: An additional \$4.6 million in FY 2021, \$15.2 million in FY 2022 and \$9.4 million in FY 2023 and beyond will support expansion and enhancement of street solutions programming, including street outreach to help bring people experiencing homelessness off the streets and out of the subways.

Department for Social Services (DSS)

- Legal Services: New York City will invest an additional \$16 million in FY 2022 (for a total budget of \$166 million) to provide access to counsel for all tenants facing eviction and enabling thousands of New Yorkers to stay in their homes.⁹
- Homeless Prevention: A \$168 million boost in homeless prevention funding in FY 2022 will support rental assistance and rehousing programs.
- Cleanup Corps: DSS and DHS are among several agencies receiving funding for a subsidized job program for people in communities most affected by Covid-19 to clean up and beautify public spaces.

Department for Youth and Community Development (DYCD)

- Out of School Time (OST), Beacon Community Centers, Summer Youth Employment Program (SYEP): In April 2021, New York City announced a new initiative available to all

⁷ “Building Community Care for an Age-Inclusive New York City”, New York City Department for the Aging, April 2021.

⁸ These community-based services fulfill New York City’s goal of preventing older adults from having to enter a nursing home. Among the first steps of the Community Care Plan, which is currently in progress, is the release of an RFP to award contracts for OACs and NORCs.

⁹ The funding follows New York City’s “right to counsel” legislation enacted in August 2017 that made it the first city in the nation to provide free legal representation for households at or below 200 percent of federal poverty guidelines and some free legal assistance for those earning more.

K-8 students.¹⁰ Summer Rising combines DOE summer school operations and DYCD-funded summer camps and enrichment programs, including Beacon Community Centers, and the Comprehensive Afterschool System of NYC (COMPASS) (formerly known as OST).¹¹

4. Restoration of Nonprofit Increased Indirect Cost Rates in Human Services Contracts

New York City contracts with nonprofits to deliver human services such as child care, housing, workforce training, and care for older adults, youth, people living with mental illness, and persons with physical disabilities. This partnership means that nonprofits rely on government funding for the vast majority of their budgets. Due to underfunded government contracts, however, most nonprofits have not even been able to keep two months of cash on hand.¹²

During the pandemic, the City’s reliance on nonprofits has been vital, even as the City’s chronic underfunding of them was exacerbated. Nonprofits delivered food to the homebound, opened food pantries, and ensured that shelters stayed open for New Yorkers experiencing homelessness and survivors of domestic violence. During the pandemic, all of these services required protective gear that many nonprofits reported having to locate and pay for themselves. While governments cite savings as a reason for partnering with nonprofit service providers, underfunding contracts effectively comes at the expense of low-income communities and people of color, who disproportionately rely on these services and largely comprise the nonprofit workforce.¹³

In 2019, the City of New York City agreed to better meet its financial obligation to nonprofits by increasing the reimbursement rate for indirect costs (such as administrative, information technology, and rent). This agreement allowed nonprofit contractors to apply for indirect reimbursement rates higher than the previous cap of 10 percent. However, as the pandemic gripped New York City, and nonprofits worked on the frontlines to keep communities afloat, the Mayor’s April 2020 budget revision cut indirect funding by nearly 40 percent. In addition, the cuts were applied retroactively, so many providers reported losses in the hundreds of thousands of dollars because they had already spent the money they expected to receive.¹⁴

¹⁰ “A Recovery for All of Us: Mayor de Blasio, Chancellor Porter, DYCD Commissioner Chong Announce Innovative Summer Rising Plan”, New York City Mayor’s Office, April 2021.

¹¹ Programs for kindergarten and elementary school students are five-day a week programs for seven weeks thereby providing childcare services for families, programs for middle school students are four-day a week program for six weeks, and high school students will still be able to enroll in the Summer Youth Employment Program (SYEP).

¹² “Nonprofits Rally, Call on Mayor to Fully Reinstate Funding for Indirect Costs,” Chinese American Planning Council, September 2020.

¹³ Human Services Council, Human Services Recovery Task Force, *Essential or Expendable? How Human Services Supported Communities Through COVID-19 and Recommendations to Support an Equitable Recovery*, June 2021.

¹⁴ Hanna, Katie, “City’s Nonprofit Contractors Receive More Funding After Year of Uncertainty,” New York City Independent Budget Office, June 2021.

The Mayor’s April 2021 Executive Budget proposal reversed these cuts and restored funding for the 2019 indirect commitment for FY 2021 and FY 2022. The June 2021 Adopted Budget financial plan included funding to restore the higher indirect costs through FY 2025 (see Figure 5). This initiative, included in New York City’s Recovery Plan,¹⁵ will be funded entirely with ARPA SLFR Funds. Despite funding the indirect cost initiative with non-recurring Federal funds, budget officials indicate that the City is effectively baselining the higher indirect costs and will utilize tax levy funds to cover this expense in future years. The indirect cost initiative is funded at \$61 million annually.

Figure 5
Funding for Nonprofit Indirect Cost Rate Initiative, FY21 – FY25

(\$ millions)

Agency	FY21	FY22	FY23	FY24	FY25	Total
DYCD	\$12.8	\$12.8	\$12.8	\$12.8	\$12.8	\$63.8
DHS	\$9.6	\$9.6	\$9.6	\$9.6	\$9.6	\$48.0
ACS	\$9.1	\$9.1	\$9.1	\$9.1	\$9.1	\$45.5
MOCJ	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5	\$32.3
DFTA	\$6.3	\$6.3	\$6.3	\$6.3	\$6.3	\$31.5
DOE (non UPK)	\$5.2	\$5.2	\$5.2	\$5.2	\$5.2	\$26.1
DOHMH	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$13.6
DOP	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$3.1
DSS	\$8.3	\$8.3	\$8.3	\$8.3	\$8.3	\$41.7
Total	\$61.1	\$61.1	\$61.1	\$61.1	\$61.1	\$305.5

Source: New York City, Office of Management and Budget

5. New York City’s Plan for \$5.9 billion in American Rescue Plan Act’s State and Local Fiscal Recovery Funds

Included in the American Rescue Plan Act (ARPA) was the State and Local Fiscal Recovery Funds (SLFR Funds) provision to help states and localities more flexibly respond to the pandemic’s harmful effects. In its guidance for use of the SLFR Funds, the U.S. Treasury provided considerable flexibility for State and local governments to meet local needs in response to the public health crisis or the economic disruptions from the virus. Further, the Treasury

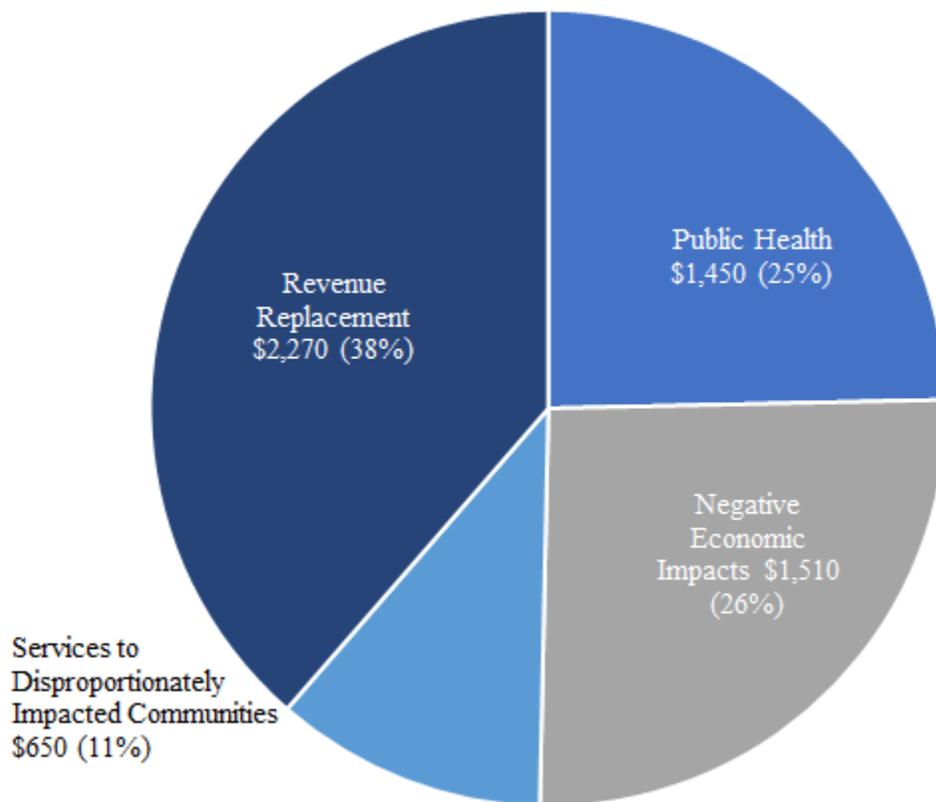
¹⁵ New York City Recovery Plan State and Local Fiscal Recovery Funds 2021 Report”, NYC Office of Management and Budget, September 2021: <https://www1.nyc.gov/site/covid19fundingtracker/reporting/reporting.page>

guidance encourages funding that “fosters a strong, inclusive, and equitable recovery for communities most disproportionately impacted by the pandemic.”

In September 2021, the City released its New York City Recovery Plan, State and Local Fiscal Recovery Funds Report, outlining how New York City plans to spend its \$5.9 billion allotment of SLFR Funds, which must be spent between fiscal years 2021 - 2025.¹⁶ The \$5.9 billion is broken down into four broad categories per the U.S. Treasury’s allowable uses: addressing public health, mitigating the pandemic’s economic impact, providing services for disproportionately impacted communities, and restoring lost City revenues (see Figure 6).

Figure 6

New York City Plan for State and Local Fiscal Recovery Funds, by Expenditure Category (\$millions)



Source: City of New York, NYC Recovery Plan, State and Local Fiscal Recovery Funds, 2021 Report. NYC will receive \$5.88 billion through ARPA SLFR Funds.

¹⁶ “New York City Recovery Plan State and Local Fiscal Recovery Funds 2021 Report”, NYC Office of Management and Budget, September 2021: <https://www1.nyc.gov/site/covid19fundingtracker/reporting/reporting.page>

The bulk of these funds (\$2.3 billion or 38 percent) is planned for replacing pandemic-induced lost tax revenue. New York City did experience a considerable tax revenue shortfall in FY 2020 (-\$1.3 billion) and in the current FY 2022 (projected -\$5.2 billion). Appendix Figure 1 shows the tax revenue changes for FY 2020-2022 between the pre-pandemic forecast in January 2020 and in the latest (November 2021) budget modification.

The FY 2022 Adopted Budget links the use of nearly \$2.3 billion in SLFR revenue replacement funds to an array of itemized personnel costs and agency expenditures.¹⁷ But this is a reporting exercise rather than a reflection of budget choices about whether or not to pay for these services. These services were going to be paid for one way or another. The City just needed to indicate that it was not funding something that was not allowable under the fairly broad Treasury guidelines.

This report is primarily concerned with the 37 percent (\$2.16 billion) planned for mitigating the pandemic's economic impact and providing services for disproportionately impacted communities, the second and third categories identified in Figure 6. Figures 7 and 8 below provide details on these two categories; brief project descriptions follow. Importantly, the New York City SLFR Recovery Plan report notes that projects may evolve as needs change on the ground. Likewise, while the report is a five-year spending plan, three fiscal years (FY 2023 – FY 2025) will occur under the Eric Adams administration and new City Council. The Adopted Budgets for each of those years will reflect the final budget choices made by these officials.

It is important to keep in mind that there is overlap between the funding detail provided in Figures 7 and 8, and the Federal funding data provided in Figures 2, 3 and 4. These figures present some of the same dollar amounts in different ways. Figure 2 summed up the overall \$20 billion in Federal Covid-19 relief by broad purpose, Figure 3 presented the human services spending for the five City agencies under the human services umbrella, and Figure 4 provided further detail at a budget function or program level. This overlap can be seen in the case of the Cleanup Corps: \$230 million in total funding appears in Figure 7, but portions are included (by name) in Figure 4, and the amounts involved are subsumed in the agency totals in Figure 3.

Negative Economic Impacts

To mitigate the pandemic's economic impact, New York City plans to spend \$1.51 billion (26 percent) of SLFRF funds for food, rent, and mortgage assistance, to create employment

¹⁷ These included, specifically, fire, rescue, sanitation, correction, emergency medical services, and street clean up; certain administrative expenditures, and expenditures for food, and technical assistance to over 480 community kitchens and food pantries citywide; assisting homeowners, renters and landlords through property rehabilitation; improving cyclists' safety; creating county-level commissions to determine which individuals sentenced within New York City detention facilities may be conditionally released; and updating the Housing Connect lottery system to ensure fairness and transparency.

opportunities, and support small businesses in communities most impacted by Covid-19. (This is the “negative economic impact” slice of the Figure 6 pie chart.) Figure 7 shows the subcategories within this category; following it are descriptions of the specific programs.

Figure 7
Negative Economic Impacts by Program FY21 – FY25

\$Millions

Program by Category	
Household Assistance	\$398.4
Rental Assistance Voucher Funding	\$328.7
Eviction Counsel Access Funding	\$62.4
Grocery 2 Go	\$7.1
NYCHA Food Business Pathways	\$0.2
Aid to Nonprofit Organizations	\$302.7
Nonprofit Financial Support	\$302.7
Job Training Assistance	\$298.5
City Cleanup Corps	\$230.0
Public Health Corps	\$50.0
CUNY Summer Youth Employment Program (SYEP)	\$13.0
Job Training for the 21st Century	\$5.5
Small Business Assistance	\$173.6
Small Business Financial Assistance	\$172.4
Avenue NYC Commercial Revitalization Program	\$1.2
Rehiring Public Sector Staff	\$170.0
Hiring and Attrition Management Funding	\$155.9
Election Worker Funding	\$14.0
Aid to Tourism, Travel, or Hospitality	\$72.8
Tourism Industry Financial Support	\$52.5
Permanent Open Restaurants	\$20.2
Other Economic Support	\$69.9
Taxi Medallion Relief Fund	\$65.0
Recovery Program Marketing Funding	\$4.9
Aid to Other Impacted Industries	\$24.8
NYC Arts	\$24.8
Total	\$1,511

Source: New York City SLFR Funds Tracking Report

Household Assistance (\$398.4 million)

- Rental Assistance Voucher (\$328.7 million): Monthly rent supplements to help New Yorkers experiencing homelessness move out of shelter and into stable housing.
- Eviction Counsel Access (\$62.4 million): Provides free eviction defense legal services and access to free legal assistance for tenants in a range of housing-related cases.

- Grocery 2 Go (\$7.1 million): Provides food-insecure New Yorkers with a credit to shop for groceries online – for pick up or delivery –that meet their dietary and cultural needs.
- NYCHA Food Business Pathways (\$1.7 million): Training for NYCHA residents to start or grow their food businesses and provide meal deliveries to NYCHA residents.

Aid to Nonprofit Organizations (\$302.7 million)

- Nonprofit Financial Support (\$302.7 million): As Section 4 indicates, the City increased reimbursement rates for indirect costs incurred by nonprofits contracting with the City to deliver human services.

Job Training (\$298.5 million)

- City Cleanup Corps (\$230 million): CCC will employ 10,000 people in communities most impacted by Covid-19 to clean up public spaces and pairs them with career coaches.
- Public Health Corps (\$50 million): PHC builds a workforce of Community Health Workers and supervisors to support communities most affected by Covid-19.
- CUNY Summer Youth Employment Program (\$12.9 million): This augmented SYEP program matches youth from neighborhoods most impacted by Covid-19 with employers.
- Job Training for the 21st Century (\$5.5 million): Connects low-wage workers to green jobs, access to career tracks in fast-growing industries, and apprentice programs.

Small Business Assistance (\$173.6 million)

- Small Business Financial Assistance (\$172.4 million): Provides financial assistance to small businesses and spending to increase foot traffic and neighborhood vibrancy.
- Avenue NYC Commercial Revitalization Program (\$1.2 million): Grants for community-based development organizations (CBDOs) to carry out programs targeting commercial districts in low-and moderate-income communities.

Rehiring Public Sector Staff (\$170 million)

- Hiring and Attrition Management (\$155.9 million): Funds 536 personnel across 27 agencies or offices associated with a hiring and attrition policy change from 3-to-1 to 2-to-1 (as in one of two vacancies filled instead of one in three).
- Election Worker Funding (\$14 million): Temporary jobs program for extended early voting time for the FY 2021 elections.

Aid to Tourism, Travel, or Hospitality (\$72.8 million)

- Tourism Industry Financial Support (\$52.6 million): Funding to promote local, regional, national, and international visitors to restore the tourism industry.
- Permanent Open Restaurants (\$20.2 million): Allows for street space to be permanently utilized for outdoor dining and expands the space in which restaurants can safely serve food.

Other Economic Support (\$69.9 million)

- Taxi Medallion Relief Fund (\$65 million): Financial assistance to individual debt-burdened taxi medallion owners. In early November, the City reached an agreement with the New York Taxi Workers' Alliance to provide an additional \$50 million for the Medallion Relief Program for a total of \$115 million. This additional funding was included in the Mayor's November financial plan update.¹⁸
- Recovery Program Marketing (\$4.9 million): Creates a public service advertising campaign to support recovery efforts on behalf of small businesses in New York City.

Aid to Other Impacted Industries (\$24.8 million)

- New York City Artist Corps (\$24.8 million): Grants to support New York City-based artists who have been disproportionately impacted by Covid-19.

Services to Disproportionately Affected Communities

New York City plans to spend roughly 11 percent of its SLFRF funds for school-based health services, non-school spending for youth, and housing support.¹⁹ Figure 8 shows the “subcategories within the “Services to Disproportionately Affected Communities’ category; brief program descriptions follow.

Education Assistance (\$390.7 million)

- School-based Public Health Services (\$390.7 million): Funds nurses, doctors, and other support staff and for health and safety measures for schools (e.g., ventilation systems, PPE).

Healthy Childhood Environments

- Education Support (\$83.9 million): Free childcare options for children from 3-K through 8th grade on days when they were scheduled for remote learning.
- Youth Programming (\$67.7 million): Three DYCD initiatives (School's Out NYC, Summer Rising, and Saturday Night Lights) to provide safe and quality youth programming.

Housing Support

- Supporting Unhoused Persons (\$125.4 million): Provides services and support to enable people to exit homeless shelters more quickly and easily, or avoid them altogether.
- Landlord Ambassador Program (\$718,000): Technical assistance to stabilize the structural and financial health of small- and medium-sized multifamily building owners.

¹⁸ Mayor of the City of New York, “Mayor de Blasio Releases November Financial Plan Update for the Fiscal Year 2022 Recovery Budget,” November 30, 2021.

¹⁹ The \$668 million amount in Figure 8 is inexplicably different than the \$650 million shown in Figure 5. Both are from the same report.

Figure 8
**Services to Disproportionately Affected Communities, Program by Category,
 FY 21-25**

\$Millions

Program by Category	
Education Assistance	\$390.7
School-based Public Health Services	\$390.7
Healthy Childhood Environments	\$151.6
Education Support	\$83.9
Youth Programming	\$67.7
Housing Support	\$126.1
Supporting Unhoused Persons	\$125.4
Landlord Ambassador Program	\$0.7
Total	\$668.4

Source: New York City SLFR Funds Tracking Report

6. Conclusion

The pandemic is not over, and New York City is nowhere near full recovery, even as direct assistance for individuals and businesses has largely been exhausted. Job deficits in New York State and City exceed the nation's by several times. The city's recovery has been extremely lopsided, as hundreds of thousands of low-paid workers and small business owners in face-to-face service industries lost their livelihoods to protect public health. As we noted in a recent report on Covid-19's economic impact on the state, the pandemic has changed the economy, and it has changed workers. Many businesses and jobs are not coming back, and many others are changing in response to health concerns, worker preferences, and technology. Other industries will expand faster than they were previously, and in different ways.²⁰

While the City is using \$300 million for job training and \$272 million for small business, tourism, and restaurant industry assistance as indicated in Figure 7, these commitments likely will not go far enough to restore employment to the pre-pandemic level, and certainly will not underwrite a "building back better" approach.

New York City, as well as New York State, needs an active labor market policy. Some struggling small businesses might still be saved. A practical and workable solution is to provide wage subsidies on a targeted basis to workers and small businesses most in need. That should be

²⁰ James A. Parrott, *New York State's Lagging Recovery from the Covid-19 Pandemic*, Center for New York City Affairs at The New School, December 14, 2021.

coupled with greater State and City investment in workforce retraining programs to enable more residents to trade up to better jobs, including to fill openings in tech-related fields, health care, and other businesses that could grow provided they have a skilled workforce. Wider use of apprenticeship programs can play a critical role in boosting the earnings potential for non-college-bound young adults and meeting business needs for higher-skilled workers

This will entail active outreach to dislocated workers, and a capacity to assess their abilities and aspirations and identify what training and supports are needed. An active labor market policy also requires a capacity to consult employers regarding their skill needs, identify and respond to labor market problems and developments, and anticipate emerging labor market opportunities. It requires extensive consultation at a local level among employers, CUNY community colleges, workforce development providers, labor union training programs, labor market researchers, and government officials. Such systematic consultation does not currently exist in New York City.

It should be a top priority for City and State policy makers to build and operate this labor market coordination system, and to fund the necessary outreach, training and support programs. Fortunately, between the City and the State there are sufficient resources available through Covid-19 Federal aid to finance this active pandemic labor market response. Moreover, such an investment is a key purpose for which the American Rescue Plan funds were intended. Additionally, tax receipts are improving, and Wall Street and big tech companies are flourishing.

The continuing economic hardships experienced by a substantial number of low-income New Yorkers, particularly Black and Brown workers, calls for a more targeted local response to connecting these workers with promising job openings, and providing additional skills training or education where necessary so that these workers can embody “building back better.”

The City’s report on its use of Federal fiscal relief includes \$300 million for “nonprofit financial support” over five years, but that reflects a \$60 million annual commitment made before the pandemic. Nonprofit human services providers rose to the challenge of the pandemic. They delivered an array of emergency response services including helping people connect to needed financial assistance, keeping shelters open for the homeless and survivors of domestic violence, delivering food to the homebound, launching telehealth services. and helping families secure digital access in their homes. Yet despite providing these essential services, the City government provided nonprofits insufficient support or guidance. Going forward, the City should recognize that nonprofits are a critical part of crisis response and recovery, commit to paying equitable wages to contracted human services workers, and fully fund contracts and pay on time.²¹

²¹ For more on the challenges facing the nonprofit human services sector, including organizations providing workforce development services, see: Human Services Council, *Essential or Expendable? How Human Services Supporting Communities Through COVID-19 and Recommendations to Support an Equitable Recovery*, Human Services Recovery Task Force, June 2021; and L.K. Moe, Justin Collins and Andrea Vaghy, *Navigating Uncertain*

A Note on Building Back Better

We're still in the middle of a years-long and persistent pandemic that has inflicted unimaginable economic and emotional pain, and was preceded by decades of under-investment in education, physical and human infrastructure, stagnant wages, and alarmingly high inequality. The pandemic has disproportionately inflicted harm on communities of color and low-income people. The Federal Covid-19 relief packages included in this analysis, and other Federal actions that were taken, such as student loan pauses, helped stave off a more severe economic downturn, although as this report notes, New York is seriously lagging the national rebound. Most direct Federal Covid-19 relief for businesses and individuals has expired or will expire at the end of the year. President Biden's agenda to Build Back Better includes historic investments in physical and social infrastructure and in responding to climate change. The infrastructure and Build Back Better bills will meaningfully improve people's lives and help build a fairer economy. In New York, much of this new funding will flow through the State and City governments. We need to figure out how to efficiently and effectively utilize those resources to build a more productive, resilient and equitable economy that truly enables our people to "build back better."

Bipartisan Infrastructure Deal (BID)

The \$1.2 trillion bipartisan infrastructure legislation signed by President Biden on November 15 is an historic investment that will overhaul the nation's infrastructure and boost its economy. New York should receive considerable funds to improve public transit, roads and bridges, water infrastructure, and airports; expand broadband access; install electric vehicle charging stations; address water contaminants (including replacing lead pipes); protect against wildfires and cyber-attacks; and remediate pollution.

Build Back Better (BBB)

The \$2.1 trillion social spending bill passed the U.S. House of Representatives on November 19 but obstacles remain in the Senate. As it stands now, BBB includes substantial investments in child care, early education and climate change mitigation, and permanently expands the Child Tax Credit refundability. It cuts taxes and reduces expenses for workers and families (in housing, nutrition, health care, and long-term care), expands access to home- and community-based care, improves the quality and wages of caregiving jobs, and prepares for future pandemics.

Waters: NYC Workforce Professionals in the Age of COVID-19, Center for New York City Affairs and Workforce Professionals Training Institute, November 2021.

Appendix

Appendix Figure 1

Falloff in New York City Tax Collections Due to Covid-19

(\$ millions)	Projected taxes Jan. 2020	Actual and projected taxes Nov. 2021	New York City Covid tax shortfall	main tax changes
FY20	\$64,352	\$63,090	-\$1,262	\$1B decline in sales, and smaller declines in hotel & real property transfer
FY21	\$65,614	\$65,534	-\$80	\$2B decline in sales and \$.5B decline in hotel taxes largely offset by increases in personal and corporate income taxes
FY22	\$67,615	\$62,427	-\$5,188	\$3B decline in property taxes, \$1.5B decline in sales, \$.5B decline in personal inc., \$.4B decline in hotel tax

Source: New York City Office of Management and Budget, financial plans for January 2020 and November 2021; New York City Comptroller's Office, FY 2022 Annual Comprehensive Financial Report.