

Seattle Rescue Plan

Background

In response to the ongoing COVID-19 pandemic public health emergency and resulting economic downturn, the U.S. Congress passed, and the President signed, the American Rescue Plan Act of 2021 (ARPA) in March 2021. ARPA is a \$1.9 trillion package intended to combat the COVID-19 pandemic, including the public health and economic impacts via direct relief to families and grants to all levels of government. The ARPA bill built on prior federal COVID relief efforts from the CARES Act of 2020 and the Consolidated Appropriations Act of 2021.

The “Seattle Rescue Plan” (SRP) is the City’s so far nearly \$300M package of federal recovery funds to aid Seattle’s response to and recovery from the pandemic and COVID-related economic impacts. By far the largest single grant in SRP is \$232M in Coronavirus Local Fiscal Recovery (CLFR) Funds, which is for local direct aid to address COVID public health and economic impacts, certain infrastructure needs (water, sewer, and broadband), and revenue shortfalls. Federal COVID-19-related resources that have made their way to the City from ARPA or other previous bills have been grouped under the Seattle Rescue Plan umbrella. To-date, these additional resources include targeted aid for housing, rental assistance, and support for seniors, among other targeted grants. It is likely the City will receive additional COVID-19 resources in the coming months/years from Federal agencies and state pass-throughs.

On May 27, 2021, Mayor Jenny A. Durkan, together with Council President M. Lorena González and Councilmember Teresa Mosqueda, announced the first Seattle Rescue Plan (SRP1), a \$128.4 million package in federal recovery funds to aid Seattle's recovery from the pandemic and COVID-related economic impacts. SRP1 comprised two pieces of legislation that were passed by the Council on June 21, 2021:

- the first bill (Ord 126371) authorized spending \$91 million out of \$116 million of Coronavirus Local Fiscal Recovery (CLFR) funds in direct aid as well as \$12.2 million of HOME Investment Partnerships Program funds, both provided by the federal American Rescue Plan Act (ARPA), and
- the second bill (Ord 126372) authorized spending \$25 million of General Fund moneys, made possible by revenues accepted from the CLFR grant, for cash assistance to Seattle’s low-income households who have experienced the economic impacts caused by the COVID-19 crisis and those disproportionately impacted by the COVID-19 public health crisis.

The investments were informed by and were a reflection of shared priorities of the Mayor and the Council, as represented in Council Resolution 31999, which was adopted in March 2021 to guide the City's investment of ARPA funds. The Executive and Council engaged in community outreach to inform and guide the investment areas for the CLFR resources including round table listening sessions with business, non-profit, and community stakeholders and public hearings.

For an in depth look at the City’s plan for spending the first tranche of CLFR dollars, as well as the blueprint for evaluating the impact of the investments, see the first annual Recovery Plan report submitted to the U.S. Treasury and published on the City’s website here:

http://www.seattle.gov/Documents/Departments/FinanceDepartment/Seattle%20Rescue%20Plan/Seattle%20Recovery%20Plan%20Performance%20Report_Aug2021_vFinal.pdf

In summer 2021, the Mayor and Council also worked together to pass Seattle Rescue Plan 2 (SRP2), which comprised several more targeted federal grants authorized by ARPA, as well as another COVID relief grant authorized in last year’s federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). These grants totaled over \$52 million and funded rent relief, aid to seniors, mass transit operating support and capital investment, and support for McCaw Hall.

In April of 2021, the City also passed a nearly \$18 million bill (Ord 126320) that reprioritized funds from the Coronavirus Relief Fund (CRF) grant, and focused on health, food, and families, as well as administrative capacity needed to manage, track, and report on all the federal funding coming to Seattle.

Seattle Rescue Plan 3

The third Seattle Rescue Plan (SRP3) allocates and authorizes spending of the second, and final, \$116 million tranche of CLFR funds, arriving in 2022. This spending package is part of the 2022 Adopted Budget. The funds will support programs that help Seattle residents recover from the negative effects of the pandemic in a variety of dimensions, from shelters and food support, to closing the higher education gap, making it easier and more efficient to apply to our public aid programs, as well as other critical government services such as mental and behavioral health services, and community safety.

Council used CLFR dollars to fill the revenue gap in 2022, using the “revenue replacement” provision of the CLFR grant. In essence, this means the CLFR dollars are backfilling the General Fund and other General Fund-like revenues (such as the Sweetened Beverage Tax). To administer these funds, the City still must produce simple reporting on the government services that revenue replacement dollars support.

The departmental allocations of this second tranche of CLFR funds are shown in the tables below. Note that CLFR funds must be obligated by 2024 and spent by 2026, but the funding all arrives in two tranches, one in 2021 and one in 2022. As such, the 2022 Adopted Budget appropriates all the CLFR funds needed for obligating/spending in 2022-2024/2026, with later-year funds intended to be left unspent in 2022 and carried forward into future years.

See the individual Incremental Changes described in department sections in this budget book for more information about each item.

Table 1. Direct CLFR Allocations in the 2022 Adopted Budget

Dept	Item Title	2022 Funding	Expected spend-through year
	Housing/Homelessness Total	\$22,312,968	
HSD	One-year of ramp down funding for COVID Mitigation in Shelters	\$3,660,559	2022
HSD	Maintain Keiro Enhanced Shelter Units (125 units)	\$6,587,625	2024

HSD	Maintain Salvation Army-SODO Enhanced Shelter units (241 units)	\$12,064,784	2023
	Recovery Total	\$9,351,156	
SDOT	Clean City Initiative Funding Expansion	\$4,186,472	2022
SPR	Clean City Funding Continuation	\$4,208,860	2022
SPU	Clean City Initiative - CLFR Support for Cleanup Events	\$276,408	2022
SPU	Clean City Initiative - CLFR support for Graffiti, Needles, and Cleanup	\$679,416	2022
	Community Well-being Total	\$9,119,518	
CBO	Innovation and Performance - Affordable Seattle	\$820,995	2024
DEEL	Seattle Promise Additional Support	\$2,357,891	2023
HSD	One-time funding to transition COVID-19 pandemic related food programs	\$4,200,000	2022
ITD	Affordable Seattle	\$1,432,632	2024
OSE	Low-income American Indian and Alaska Native food support	\$308,000	2022
	Supporting City Workers and Reopening Total	\$9,641,816	
CBO	Innovation and Performance - Impact Evaluation	\$930,000	2024
CBO	Federal funds project management staffing	\$2,072,024	2024
FAS	Internal Federal Funds Project Staffing	\$1,411,000	2024
ITD	Critical IT Infrastructure Needs	\$4,000,000	2022
ITD	PC Replacement Program Mobility	\$500,000	2022
ITD	Software Costs for Vaccine Verification Platform	\$10,200	2022
OEM	Internal Federal Funds Project Staffing	\$268,592	2022
SDHR	Employee Vaccine Verification System	\$450,000	2022
	Grand Total	\$50,425,458	

Table 2. Items Supported in 2022 by CLFR Revenue Replacement

Dept	Item Title	2022 Funding
	Housing/Homelessness Total	\$6,000,000
HSD	Address facility needs to expand high-acuity shelter and behavioral health services	\$5,000,000
OH	Capacity building for providers operating non-PSH housing projects	\$1,000,000
	Recovery Total	\$1,000,000
ARTS	Grants to orgs that did not qualify for Shuttered Venue Operators Grant	\$1,000,000
	Community Well-being Total	\$13,041,960
CSCC	Staffing needed to develop an implementation plan and response protocols for low-acuity 9-1-1 emergency response	\$400,000
DEEL	Expand mental health services in schools	\$500,000
DEEL	Programming for Black girls and young women and Black queer and transgender youth	\$375,000
DEEL	Restorative justice programming	\$250,000
HSD	Sustain 2021 levels of food and nutrition program funding, add temporary Senior Grants and Contracts Specialist	\$3,436,960
HSD	Services from agencies specializing in American Indian and Alaskan Native Populations	\$1,200,000

HSD	Expand mobile mental and behavioral health crisis services	\$2,500,000
HSD	Mobile advocacy services with flexible financial assistance for survivors of gender-based violence	\$1,500,000
HSD	Regional Peacekeepers collective	\$1,500,000
OSE	Food Assistance	\$945,000
SPL	Library vandalism repair	\$435,000
	Supporting City Workers and Reopening Total	\$50,634,209
LEG	Preserve staffing, address pay equity and prepare Council Chambers for hybrid in-person and virtual meetings	\$850,000
SFD	SFD Payroll	\$49,784,209
	Grand Total	\$70,676,169

Council Changes to the Proposed Budget

The Council made significant changes to the Proposed Budget’s package of spending for the second tranche of CLFR funds. The Proposed Budget assumed payroll tax funds would fill the revenue gap in 2022, but as mentioned above, Council’s Adopted Budget relies instead on CLFR revenues to fill the gap.

Notably, the Council moved the following investments in affordable housing and economic inclusion so that payroll tax funds would pay for them instead of CLFR funds (directly or via revenue replacement in the case of the workforce development programs):

- \$50.5 million to Expanded Capital Investment in Affordable Rental Housing Production and Preservation
- \$7.6 million for a Small Business Ownership Fund
- \$4.5 million for Workforce Development programs
- \$2.4 million for Child Care Stabilization Grants expansion

The Council also moved funding for Seattle Promise so that Families, Education, Preschool, and Promise (FEPP) Levy funds would pay for them instead of CLFR funds:

- \$4.4 million for additional support for Seattle Promise

The Council directed the above CLFR funds, totaling \$69.4 million, to revenue replacement uses instead, described in the Revenue Replacement table discussed in the previous section.

The Council cut an item that was proposed for CLFR revenue replacement funding and redirected those revenue replacement funds toward three other uses:

- Cut \$2 million for contingency funds for emergency costs declined or reduced for reimbursement by FEMA
- Redirected \$945,000 for food assistance;
- \$655,000 for Community Safety Officers; and
- \$400,000 for planning staff in the Community Safety and Communications Center

The Council added one item to be paid for with CLFR funds:

- \$308,000 for food assistance by organizations specializing in working with the American Indian and Alaska Native communities

The original spending package for the second tranche of CLFR funds as included in the Proposed Budget is shown below:

Table 3. Summary of CLFR Items in the 2022 Proposed Budget

Dept	Item Title	2022 Funding	Expected spend-through year
	Housing/Homelessness Total	\$72,811,077	
OH	Expanded Capital Investment in Affordable Rental Housing Production and Preservation	\$50,498,109	2026
HSD	One-year of ramp down funding for COVID Mitigation in Shelters	\$3,660,559	2022
HSD	Maintain Keiro Enhanced Shelter Units (125 units)	\$6,587,625	2024
HSD	Maintain Salvation Army-SODO Enhanced Shelter units (241 units)	\$12,064,784	2023
	Recovery Total	\$18,337,216	
FG	CLFR Revenue Replacement – Workforce Development	\$4,500,000	2022
OED	Small Business Ownership Fund	\$7,600,000	2024
SDOT	Clean City Initiative Funding Expansion	\$2,800,000	2022
SPR	Clean City Funding Continuation	\$2,800,000	2022
SPU	Clean City Initiative – CLFR Support for Cleanup Events	\$184,272	2022
SPU	Clean City Initiative – CLFR support for Graffiti, Needles, and Cleanup	\$452,944	2022
	Community Well-being Total	\$13,911,518	
DEEL	Child Care Stabilization Grants Expansion	\$2,400,000	2022
DEEL	Seattle Promise Additional Support	\$6,757,891	2023
CBO	Innovation and Performance – Affordable Seattle	\$820,995	2024
ITD	Affordable Seattle	\$1,432,632	2024
HSD	One-time funding to transition COVID-19 pandemic related food programs	\$2,500,000	2022
	City Services and Reopening Total	\$11,641,816	
CBO	Innovation and Performance – Impact Evaluation	\$930,000	2024
CBO	Federal funds project management staffing	\$2,072,024	2024
FAS	Internal Federal Funds Project Staffing	\$1,411,000	2024
OEM	Internal Federal Funds Project Staffing	\$268,592	2022
ITD	Critical IT Infrastructure Needs	\$4,000,000	2022
ITD	PC Replacement Program Mobility	\$500,000	2022
ITD	Software Costs for Vaccine Verification Platform	\$10,200	2022
SDHR	Employee Vaccine Verification System	\$450,000	2022
FG	CLFR Revenue Replacement – FEMA Contingency	\$2,000,000	2023

Grand Total	\$116,701,628
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The \$4.5 million item in Finance General shown in the table above was for general fund (GF) revenue replacement to enable spending on the workforce development programming listed in the table below. This “swapping” of funds would have been necessary because workforce development programming is not generally eligible for direct use of CLFR funds, but is for GF use.

The workforce development programming, now funded with payroll tax dollars, seeks to create strong pathways to middle wage jobs and more wealth-generating businesses in industries that will thrive in the future. Investments in economic inclusion will help Seattle recover from the pandemic and position our local economy for continued equitable growth.

Table 2. Summary of Workforce Development Items Enabled by CLFR Revenue Replacement in the 2022 Proposed Budget

Dept	Item Name	2022 Funding	Expected spend-through year
ARTS	Individual Artist Relief and Workforce Development	\$1,500,000	2022
FAS	Priority Hire	\$500,000	2024
OED	Maritime Workforce Development	\$500,000	2023
OH	Workforce Development; Affordable Housing and Homeless Service Providers	\$750,000	2023
OIRA	Re-Employment Pathways for Immigrants and Refugees	\$250,000	2023
OSE	Clean Energy Pre-Apprenticeship Scholarships	\$1,000,000	2023
	Total Workforce Development	\$4,500,000	

Coronavirus Local Fiscal Recovery (CLFR) Fund

Funds from the first tranche of the CLFR grant have been deposited in the new CLFR Fund (Fund 14000), which was established in CB 126371 along with authorizing spending of those moneys. Managing the CLFR funds, revenues and spending, exclusively out of this new fund instead of spread out between different funds and mixed in with other non-CLFR spending in other funds makes it easier to track and report CLFR spending, especially important for a highly restricted funding source like this federal grant. The second tranche of CLFR funds will be managed through Fund 14000 in the same way.