
UPDATE ON FEDERAL COVID GRANT AND MASSACHUSETTS STATE AID

BEST INFORMATION AVAILABLE AS OF MARCH 31, 2021



NEW FEDERAL COVID GRANT

American Rescue Plan Act of 2021 was signed into law March 11

- US Treasury has not yet issued guidance detailing eligible uses, funding caps, or implementation
- Covers a period of three years through 12/31/2024

Belmont potential funding estimates as projected by Governor's Administration and Finance Secretariat

- *Preliminary ... subject to change*
- \$7.6 M - Coronavirus Local Stability Fund for combined town and school expenses (limited by eligibility)
- \$1.0 M - Elementary and Secondary School Emergency Relief Fund III

Caveats provided by the Governor's Administration and Finance Secretariat:

*“This information **should be viewed as preliminary and subject to change**, and we would strongly advise against the town making plans based on this preliminary information.*

*The US Treasury will ultimately calculate the final payment amounts, so **the town should not make plans about overrides based on these estimates.**”*

AMERICAN RESCUE PLAN ACT 2021

Coronavirus Local Stability Fund (\$7.6 M estimated cap)

1. To respond to the pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality
2. For premium pay to eligible workers performing essential work (as determined by each recipient government) during the pandemic, providing up to \$13 per hour above regular wages
3. For the provision of government services to the extent of the reduction in revenue due to the pandemic (relative to revenues collected in the most recent full fiscal year)
4. To make necessary investments in water, sewer, and broadband infrastructure

Elementary and Secondary School Emergency Relief Fund III (\$1.0 M estimated cap)

5. 80% for general school support
6. 20% for learning loss (summer school, extended day, calendar)

PART ONE: CORONAVIRUS LOCAL STABILITY FUND

Categories

Impact on budget

- | | | | |
|----|---|---|---|
| #1 | Response to pandemic | → | Segregated outside the operating budget in “COVID parking lot” |
| #1 | Assistance to households or businesses | → | Waiting for further guidance and not in operating budget |
| #2 | Supplemental pay for essential workers | → | Waiting for further guidance and not in operating budget |
| #3 | Sewer, water, or broadband infrastructure | → | Segregated outside the operating budget in enterprise funds |
| #4 | Loss of revenue due to COVID | → | Identified possible \$700K-\$1.1M in one-time revenue based on actual revenue losses |

Bottom Line

Stability Fund is restricted primarily to expenses outside the FY22 operating budget

FY22 COVID expenses were not included in the budget in anticipation of the availability of additional relief funds

Possible \$700K-\$1.1M additional revenue for the operating budget

BELMONT ESTIMATED REVENUE LOST DUE TO COVID

	FY19 ACTUALS	FY21 ESTIMATED REVENUES	FY22 ESTIMATED REVENUES
<u>DESCRIPTION</u>			
MV EXCISE	3,704,000	3,454,000	3,558,000
EXCISE (MEALS)	251,000	112,000	200,000
PENALTIES AND INTEREST	379,000	330,000	330,000
AMBULANCE RECEIPTS	833,000	820,000	820,000
FEES - TOWN CLERK	45,000	40,000	40,000
FEES - APPEALS BOARD	8,000	7,000	7,000
RECREATION, LIBRARY ETC.	1,369,000	807,000	1,008,000
BUILDINGS DEPARTMENTAL	6,000	4,000	4,000
LICENSES - SELECTMEN (ALCOHOL)	64,000	57,000	58,000
STREET OPENING PERMITS	66,000	34,000	35,000
FALSE ALARM FINES - POLICE	6,000	3,000	3,000
PARKING FINES	325,000	234,000	236,000
GRAND TOTAL	7,056,000	5,902,000	6,299,000
Variance Over FY19 Actuals		(1,154,000)	(757,000)

Bottom Line

This is our best working estimate of lost revenue in local receipts as of March 31, 2021

← Estimate of range of lost revenue

PART TWO: ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND III (ESSER III)

#5

General School Support



Segregated outside the operating budget in “COVID parking lot”

- *Since August, we have been compiling a list of potential FY22 COVID-related needs in a “parking lot”*
- *Funding for the COVID parking lot was anticipated to come from additional COVID relief funds*
- *The COVID parking lot needs far exceed the estimated \$800K cap for this category of grant funding*

#6

Academic Recovery



Segregated outside the operating budget in “COVID parking lot”

- *Summer school / academic recovery camp*
- *General education intervention programming in 2021-22 school year*

COVID EXPENSES ALREADY FUNDED THROUGH COVID GRANTS

EXAMPLES OF ACTUAL SPENDING FY20-21

ROUND ONE: CARES ACT / ESSER / FEMA

Technology to enable teleworking capacity for town departments and remote learning – Chromebooks (one per student), cameras, software, etc.

Expanded cleaning & disinfection – services, equipment, supplies

Social distancing & personal protection – PPE, sanitizer, signage, plexiglass barriers, distancing measures, individual cafeteria seating

Air circulation – approximately 675 air purifiers in school & town buildings

Backfill sick or quarantined employees

Remote & hybrid learning – technology specialists, school aides & substitutes, materials & supplies

Food preparation & distribution

Bottom Line

Approximately \$4M in COVID grants funded unanticipated expenses outside the operating budget.

COVID PARKING LOT

EXAMPLES OF ANTICIPATED USES

ROUND TWO: American Rescue Plan 2021 = (perhaps) \$8.6M

Reopening costs & overtime for recreation, library, senior center, elections, indoor public meetings, etc.

Building updates, air purifiers & filters

Expanded cleaning & disinfection, PPE

Vaccination clinics and COVID pool testing

Technology hardware, software, and support

Academic recovery for student learning losses, e.g. summer school

Remote learning - potential DESE mandate (estimated 10% of students)

Tent rentals to support return to full-time school

School aides & substitutes to support social distancing & cover leaves

Bottom Line

These potential COVID uses were **segregated** in anticipation of a second round of grants and **will not reduce** the FY22 operating budget deficit

UPDATE ON STATE AID

State Aid	FY21	FY22 Governors Proposed Budget	Difference
Chapter 70	\$9,755,929	\$9,891,949	\$136,020
Unrestricted	\$2,397,629	\$2,481,546	\$83,917

- Annual process to estimate state aid – including Chapter 70 and Unrestricted General Government (UGG) – often changes as adjustments are made at the state level
- The most recent FY22 Governor’s proposal – received January 2021 – increased \$219,937 over FY21 (combined Chapter 70 & UGG)
- The State Legislature’s budget is expected in late May, and Senator Brownsberger indicated Chapter 70 funding could increase over the current Governor’s proposal
 - The current FY22 budget includes the Governor’s numbers (until the state budget is finalized)
 - In prior years, Chapter 70 funding increased \$214k (FY20) & \$145k (FY19) from the Governor’s initial proposal

Bottom Line

In the FY22 Recommended Operating Budget, Chapter 70 funding & UGG has increased \$219,937 over FY21, which is consistent with the latest budget proposal from the Governor

SUMMARY

Bottom Line

- The grant from the federal government is good news for Belmont because the COVID pandemic has generated millions in unanticipated expenses
- The American Rescue Plan Act provides much-needed one-time funds that will offset COVID expenses and revenue loss that we have experienced and continue to experience
- We anticipate that a modest amount of the federal funding can be used to offset operating budget expenses, and we are still awaiting guidelines

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QUESTIONS?

