



PUBLIC SECTOR SERVICES

Maximizing the Impact of Federal Aid to Deliver Programs in a Fiscally-Transparent and Compliant Manner

Introduction

The \$1.9 trillion American Rescue Plan, in conjunction with the previously-enacted federal stimulus bills, provides state and local governments with critical resources to support the ongoing public health response to the COVID-19 pandemic, and to assist with the recovery from the resulting economic downturn. Compared to pre-pandemic projections¹, it is anticipated that fiscal year 2021 state general fund revenue will see a 10.8 percent decline. Through robust management and strategic investment of this federal funding, state and local governments have the opportunity to emerge from the pandemic stronger than before.

Throughout the COVID crisis, A&M has helped its clients effectively marshal their resources to maximize the impact of every dollar across their state and county responses, implement long-term structural changes to government agencies and leave them better equipped to serve their constituents. As state and local governments transition from combatting the virus to revitalizing their economies, we are ready to partner with you to fully realize the potential of this opportunity, and to make lasting changes while supporting the ongoing needs of the pandemic response and economic recovery.

The American Rescue Plan: Aid Available to State and Local Governments

The American Rescue Plan directs \$220 billion in direct fiscal aid to states, tribes and territories through the Coronavirus State Fiscal Recovery Fund, with an additional \$130 billion reserved for local governments. These funds have more allowable uses than the CARES Act's Coronavirus Relief Fund (CRF), including pandemic-related revenue replacement and a longer deadline (December 31, 2024) for their use. Given these characteristics, this stimulus is intended to not only assist state and local governments with their immediate public health response, but to also support long-term investments in the future delivery of critical government services. Such funding is only buttressed further by the \$10 billion Coronavirus Capital Projects Fund, which will help serve critical infrastructure needs.

Federal resources available to states also include multiple direct grant programs targeting the unique mission-critical operations of state agencies, with significant funding streams dedicated to efforts including, but not limited to, vaccination, testing, education, housing and transportation. Furthermore, the ongoing availability of 100 percent FEMA reimbursement for certain public health activities, through at least the end of September 2021 will continue to provide a valuable resource that allows governments to prioritize direct federal funding and grants for other non-FEMA eligible expenses.

Finally, the American Rescue Plan directs billions directly to states' constituents and businesses hardest hit by the economic downturn through expanded loans, grants and safety net benefits.

Ultimately, a government's ability to maximize the effectiveness and impact of each dollar allocated to its COVID response and economic recovery will require a comprehensive understanding of the universe of available funding, and an ability to strategically match resources to each critical need.

¹ National Association of State Budget Officers. The Fiscal Survey of States, Fall 2020. Washington, DC. 2020. https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Fiscal%20Survey/NASBO_Fall_2020_Fiscal_Survey_of_States_S.pdf

How A&M Can Help

Throughout the pandemic, A&M has partnered with governments, working directly with budget directors and other leaders to strategically manage COVID response and economic recovery activities, enabling governors and mayors to make key strategic decisions as the pandemic evolved. We are excited to leverage our demonstrated expertise, partnering with governments over the next few years to maximize the impact of federal funds.

- **Maximizing the Impact of Federal Funds:** A&M can help maximize the impact of each COVID response dollar by providing a comprehensive and ongoing assessment of available funding streams outlined in the American Recovery Plan and all previous legislation. We prioritize the use of resources based on use-flexibility, deadlines and reimbursement rates. Ongoing scenarios include:
 - A comprehensive assessment of each available funding source and a roadmap to help align funding streams to their most appropriate uses.
 - Collaboration with a State's Emergency Management Agency (EMA) to produce a clear understanding of FEMA eligibility criteria, allowing the government to confidently reserve limited CRF funding and other grants for non-FEMA eligible expenses.
- **Improving Budget Transparency and Compliance:** A&M can fully support the development of zero-based supplemental budgets, while conducting oversight to ensure funding is appropriately utilized. Ongoing scenarios include:
 - Working with dozens of agencies and sub-agencies across multiple focus areas to develop 12-month supplemental COVID-response budgets, allocating billions of dollars to a state's public health response and economic recovery programs.
 - Updating the executive team (e.g. governor, mayor) on a weekly basis and joining forces with agency stakeholders to forecast future needs and adjust budgets in real-time to respond to evolving pandemic conditions.
 - Implementing weekly feedback mechanisms to monitor a client's expenditures against its budget authorization and to ensure unused funding can be quickly reallocated to more pressing needs.
- **Supporting Key Operations and Initiatives:** A&M can partner with governments to execute projects to deliver operational transformations to government institutions and to provide both immediate and long-term tangible benefits to constituents. Ongoing scenarios include:
 - Deploying multiple teams to set up testing and vaccine operations, and partnering with federal, state and local stakeholders to deliver these critical public health services.
 - Conducting a strategic assessment of a state's Department of Health and Human Services operations to quantify the impact of the COVID-19 pandemic. We identified operational enhancements to increase efficiencies and transformed delivery service procedures. As a result, it is now also implementing these recommendations to modernize the delivery of behavioral health, development disabilities and Medicaid services.

Contact Our Team Today



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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to make change and achieve results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services.

With over 5,000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, help organizations transform operations, catapult growth and accelerate results through decisive action. Comprised of experienced operators, world-class consultants, former regulators and industry authorities, A&M leverages its restructuring heritage to turn change into a strategic business asset, manage risk and unlock value at every stage of growth.

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