



NYS Initial Plan for American Rescue Plan State and Local Fiscal Recovery Funds

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Executive Summary

With \$12.75 billion in aid provided to the State of New York (the “State”) through the State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan (ARP) Act of 2021, New York State will continue its critical response and recovery efforts related to the ongoing COVID-19 pandemic. These important Federal dollars provide the State with the ability to continue to meet New Yorker’s most urgent needs, providing a broad variety of government services, including those in areas of housing and economic assistance.

In her first address as New York State’s Chief Executive, Governor Kathy Hochul expressed her commitment to aid New Yorkers in need. Governor Hochul’s plans to provide recovery assistance include partnerships with cities and counties, as well as the use of targeted outreach to New Yorkers on rental relief. This commitment, along with spending authority provided in the State’s FY 2022 Enacted Budget will ensure the State’s use of Federal dollars meets the needs of the most vulnerable communities. Under the leadership of Governor Hochul, the New York State Division of the Budget (Division or DOB) will centrally manage New York’s use of SLFRF funds and work with State agencies to develop projects that focus on renters and homeowners in the lowest income brackets, assist small businesses, and provide relief to the hardest hit sectors of the economy, including the restaurant and tourism industry.

Use of Funds

New York State’s COVID-19 response and recovery efforts rely on the use of Federal relief funding. In addition to SLFRF, the State is utilizing other sources of ARP aid for education, Medicaid, emergency rental assistance, home energy assistance, child care relief and other services. The main source of funds allocated to the State’s public schools by the ARP Act is through the Elementary and Secondary School Emergency Relief (ESSER) fund, which is available for use over multiple years, and is intended to help schools safely reopen for in-person instruction, address learning loss, and respond to students’ academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. ARP provides enhanced Federal funding for the State’s Medicaid spending on certain Home and Community Based Services (HCBS), pursuant to a plan

submitted by the New York State Department of Health (DOH) and approved the United States Department of Health and Human Services Centers for Medicare & Medicaid Services (CMS). The ARP provides additional funding for the State's Emergency Rental Assistance Program, which assists households that are unable to pay rent and utilities due to the COVID-19 pandemic. The State is utilizing ARP to provide supplemental funding to the State's existing Home Energy Assistance program that helps low-income households pay the cost of heating, cooling, and weatherizing their homes. The ARP also provides the State with dedicated child care relief funding to assist with stabilizing providers and expanding access to care.

The interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund (SLFRF), as issued by Secretary of the Treasury effective May 17, 2021 provides recipients with the flexibility to address their unique budget challenges associated with the ongoing COVID-19 pandemic. In New York State, the nature of COVID-19 recovery requires the ability to align funding with the diverse and evolving needs of New York's citizens and ensure continuity in the provision of essential government services.

New York State provides more than 3,500 government services to more than 20 million New Yorkers through the work of its state agencies (including authorities, departments, divisions, offices, public benefit corporations and other governmental entities). Service areas include, but are not limited to, public health and safety; education; environmental protection; business, employment and economic development, and many other important social programs; as well as the arts, culture, and recreation.

Through the FY 2022 Enacted Budget Financial Plan, the State is positioned to utilize SLFRF to continue to deliver these important services, as well as to support a strong and equitable recovery for its population, particularly those communities that have been historically disadvantaged, by developing projects aimed at small business recovery and housing and community safety. New York State uses a performance-informed approach for the development of the State budget, and considers program data, including metrics related to program outputs, outcomes, populations, and financing to inform budget recommendations.

New York focuses on performance management and drives State agencies to maximize programmatic impact and effective, efficient, and equitable outcomes. Performance management activities include the use of strategic planning and program inventory efforts designed using best practices identified by the U.S. Government Accountability Office (GAO). New York State is in the process of reviewing the FY 2022 Enacted Budget to select the most appropriate projects for development using SLFRF to best support its communities, populations, and individuals and help State residents and businesses recover as quickly as possible from the economic dislocation caused by COVID-19. The program areas below represent a sample of recovery opportunities under consideration for SLFRF project development.

As New York continues to monitor the impact of COVID-19 on both its people and economy, programmatic needs will be identified and this Recovery Plan will be updated to include projects developed to meet those needs, promote equitable outcomes, and measure performance. In addition, New York will begin to expend revenue replacement dollars to fund critical government services.

Small Business Recovery

Small businesses are one of the most critical components of the State of New York's economy and were disproportionately impacted by the economic devastation of the COVID-19 pandemic. The intent of this area of funding is to provide flexible grant assistance to currently viable small businesses, micro-businesses and for-profit independent arts and cultural organizations in the State that have experienced economic hardships due to the pandemic. The State is also funding small business grants to assist in recovery and reopening efforts. Grants will be provided to small businesses, for-profit independent and not-for-profit arts and cultural organizations disrupted by the pandemic, including restaurants to cover the costs of food, preparation, and delivery of meals to vulnerable populations.

State funding will compliment Federal funding through the State Small Business Credit Incentive. The New York Forward Loan Fund was developed in partnership with the private sector to support New York State small businesses impacted by the pandemic. The fund provides businesses with low-interest loans to help them adapt to the pandemic and retain employees, while the New York Forward Small Business Lease Assistance Partnership (LAP) will provide commercial tenants and small business landlords with pro bono legal services and information needed to renegotiate leases.

Housing and Community Safety

The pandemic has worsened pre-existing needs for the expansion of affordable housing and the SLFRF can be leveraged to support the effort to keep New Yorkers housed as the state continues to navigate the pandemic and its economic fallout. This effort will build on the State's ongoing delivery of a \$20 billion affordable housing plan that's creating or preserving 100,000 affordable homes and 20,000 with supportive services. These housing solutions are intended to provide stability for the state's most vulnerable populations, including veterans, victims of domestic violence, frail or disabled senior citizens, young adults aging out of foster care, and New Yorkers identified as homeless with special needs, conditions, or other life challenges. Additional strategies include the provision of support to low and moderate-income households at risk of experiencing homelessness or housing instability by providing rental arrears, temporary rental assistance and utility arrears assistance.

New York State is also treating gun violence as a public health crisis and is developing short-term solutions and long-term strategies that focus on community-based intervention and prevention outcomes. The State will continue to collect and analyze data from local law enforcement agencies to help inform services needed to reduce gun violence and save lives in communities with high rates of gun-related violence. These areas of support include workforce training and job placement programs in 20 cities most impacted by gun violence across the state. Areas of support will also include first responder training to reduce instances of bias through cultural humility, investment in educational programs, and the provision of more greenspace to foster community engagement and activity.

Promoting Equitable Outcomes

The SLFRF provides New York State with the opportunity to effectively respond to disparities highlighted during this public health crisis, and rebuild a stronger, more robust, and equitable environment that allows all New Yorkers to successfully participate in the economy. Disparities were uncovered in risk of exposure, risk of severe illness and hospitalizations, risk of death as racial and ethnic minority groups were disproportionately impacted by COVID-19. Additionally, the economic well-being of women was also greatly impacted during the pandemic. This impact is attributed to both the overrepresentation of women in certain impacted industries including food service, education, and retail and a finding that women left the workforce at higher rates due to the unique pandemic-related childcare needs. In addition, the financial hardships arising from business closures and the resulting unemployment impacted every aspect of life, including the risk of losing homes and businesses, food insecurity and inequities in access to broadband and education.

Through its partnership with Lendistry, a minority-led Community Development Financial Institution, the State is expanding outreach targeted towards minority and women-owned business entities (MWBE). The outreach is intended to inform business owners of available resources. The State also intends to launch an "Entrepreneurship Navigator" that will help minority and women entrepreneurs access services and programs to incubate start-ups in the technology and innovation sector.

Efforts like this one, along with New York State's central management of SLFRF funding, as well as its use of performance-informed budget making encourages the alignment of funding with service outcomes. Strategic planning and program inventory efforts work to ensure agency budgets are aligned with the needs of program beneficiaries and populations. Agencies identify those population needs which are addressed through specific program eligibility, appropriate expenditure of funding, and performance of program activities.

Community Engagement

On April 6, 2021, New York State lawmakers passed the FY 2022 Enacted Budget and the associated FY 2022 Enacted Budget Financial Plan included appropriations to allow the State to utilize funds provided in the ARP as signed into law by President Biden just weeks earlier on March 11, 2021. The State ensured the FY 2022 Enacted Budget provided the ability to begin using this important funding to continue to provide important government services and provide New Yorkers with much needed relief.

The spending plan went through the Budget process, which encourages and provides opportunity for public participation and engagement. Before any future spending is authorized, the Legislature holds public hearings on major programs, and seeks further information from constituencies and advocacy groups. Moreover, it is important to note that this is an initial plan for the use of these funds, and New York State is continuing to engage with local partners and community stakeholders to further refine and develop it.

Use of Evidence

COVID-19 response and recovery is only possible when administered equitably to all New Yorkers. In New York State, agencies and the Division routinely use statistical data generated both internally and supplied externally by reliable sources like the U.S. Census Bureau. Data sets like the American Community Survey - what provides information on social, economic, housing, and demographic characteristics - have long been supporting policy analysis and decision-making. The challenges associated with COVID-19 require the state to rely on other data sets as well, including those related to mobility and vulnerability.

New York uses the Centers for Disease Control/ Agency for Toxic Substances and Disease Registry Social Vulnerability Index (CDC/ATSDR SVI) when determining need and assessing current efforts to ensure equitable distribution to vulnerable populations. According to the CDC, this index is developed using Census data to assess the vulnerability of communities throughout United States. Using census tracts, defined by the U.S. Census Bureau as “small, relatively permanent statistical subdivisions of a county or equivalent entity that are updated by local participants,” the CDC/ATSDR SVI ranks each tract on 15 social factors including poverty, lack of vehicle access, and crowded housing. CDC/ATSDR SVI is grouped into databases by four themes – socioeconomic status; household composition; race, ethnicity and language; and housing and transportation.

In addition to relying on these important publicly available data sources, New York is also using critical public health data collected by its agencies. The increased demand for this data has revealed gaps in the State’s data environment. The State is currently engaged in the development of a statewide data strategy that will improve access to data by:

- completing a living comprehensive repository of data sets;
- determining the usefulness and utilization of datasets for sharing between agencies; and
- developing mechanisms by which data can be accessed by agencies and the public as appropriate.

In addition to enhancing the State’s ability to better respond to future emergencies, the improvements to the data environment will enhance performance management efforts by standardizing and expediting access to data sets that contain important output and outcome metrics. With improved access to data the State will also increase its capacity to conduct formal program evaluations and increase the State’s use of evidence-based programs to deliver critical services to New Yorkers.

Table of Expenses by Expenditure Category

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
7.4	Transfers to Non-entitlement Units	\$378,757,207.40	\$378,757,207.40

Project Inventory

While New York’s FY 2022 Enacted Budget Financial Plan included appropriations to allow the State to utilize funds provided in the ARP, ensuring that the FY 2022 Enacted Budget provided the ability to begin using this important funding, it does not specify the use of funds at the project-level. This flexibility is allowing New York to continue to respond to the changing social and economic impacts of the pandemic.

Since the beginning of the COVID-19 Pandemic, New York has worked to prioritize the use of State and Federal funding to align expenditures with the most appropriate Federal funding sources, including the Treasury administered Coronavirus Relief Fund (CRF) and Federal Emergency Management Agency (FEMA) administered Disaster Relief Funds (DRF). The State is currently working to develop SLFRF projects using this process that ensures Federal funding is maximized and establishes internal controls to minimize the risk for potential duplication of claims. The State’s Recovery Plan will be revised and resubmitted in accordance with forthcoming funding decisions.

Ineligible Activities: Tax Offset Provision

As shown below, for Fiscal Year 2022 the State of New York made no Revenue-reducing Covered Changes that had the effect of reducing tax revenue as defined in the Tax Offset Provision 31 CFR 35.8.

Item	Amount
a. Revenue-reducing Covered Changes	\$0