

## Remarks by Chief Recovery Officer Jacob Leibenluft at the U.S. Conference of Mayors' 91st Winter Meeting

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WASHINGTON – Today, Chief Recovery Officer Jacob Leibenluft delivered remarks during the U.S. Conference of Mayors' 2023 Winter Meeting to provide a status update on the Office of Recovery Programs' and Treasury's recovery work and highlight how mayors are using their allocations of fiscal recovery funds to transform cities and respond to the short and long-term negative impacts of COVID-19.

*As prepared for delivery*

Thank you again for having me here today. I appreciate you hosting this session on the impact of State and Local Fiscal Recovery Funds in cities across the country.

I've had a chance to speak with many of you before – including some of you who joined for the Metro Economies session earlier this morning – but for those who don't know me, I am Treasury's Chief Recovery Officer, which means I lead the implementation of the department's pandemic relief programs, including the State and Local Fiscal Recovery Funds.

In the last Metro Economies session, I shared some observations about some of the key ways in which American Rescue Plan funds are helping to support a strong, lasting and equitable recovery – with a particular emphasis on how these funds are helping to support our broader shared priorities in areas like affordable housing and workforce.

In this session, I'm excited to talk a little bit about how we see the broader impact that the State and Local Fiscal Recovery Funds are having in transforming communities across the country – both in the specific areas where cities are making investments, and how it is helping to reshape the ability of cities to serve their citizens.

I'll start with a few highlights from the data we collect that show the impact that these funds are having. We know that this data only tells part of the story – and the numbers I am about to share are only as of September 30 – but they give at least one glimpse at how SLFRF funds have allowed state, local and tribal governments to make transformative investments.



For example, data shows that:

- More than 1,400 governments report having budgeted over \$11 billion for more than 4,900 projects addressing public health needs including COVID-19 testing, vaccinations, staffing, and outreach to underserved communities
- SLFRF recipients have responded by budgeting \$14.2 billion through September of 2022 on nearly 1,800 housing-related projects, an increase of 16% since the last reporting period
- SLFRF recipients have budgeted over \$10 billion in SLFRF funds for more than 3,000 projects to support and expand the workforce
- More than 2,500 governments have budgeted more than \$21 billion for over 6,000 critical infrastructure projects that support expanded access to high-speed internet and clean water
- In the area of small business, governments have budgeted nearly \$4 billion for nearly 1,000 individual projects that support small businesses' important role as key employers and drivers of the local economy

This data tells us something about what communities are investing in. And behind each of these numbers are literally thousands of specific projects, each having an impact of people's lives – helping families stay safe and healthy or with a roof over their head, making it easier for small businesses to start or stay open, and helping communities create new jobs.

But what is also so exciting about the impact of SLFRF funds is how communities are investing.

At the time of the President's inauguration in January 2021, our communities were facing severe challenges as a result of the pandemic – in responding to both its public health consequences and the massive economic fallout. As I mentioned in our Metro Economies session, absent SLFRF funds, we might have seen a very different kind of recovery – one that was more reminiscent of the Great Recession, where cities and states were forced to make cuts and reduce services at a cost to both their communities and the overall economy.

SLFRF funds have allowed recipients to take a different approach this time around: to not only shore up local budgets – although that is undoubtedly crucial – but to take an opportunity to rethink how they can use funds to strengthen their communities over the longer run. And in doing so, we're seeing governments take new approaches to their investments that are poised to have a legacy long after SLFRF funds are exhausted.

I want to talk about some of these best practices that communities are putting in place today. I'm excited about how extensively these best practices have been taken up by cities across t

country. But with nearly two years remaining for funds to be obligated, there is also an opportunity for them to spread more widely.

These best practices cut across policy areas and can ensure that recovery fund investments are yielding transformative outcomes for communities. Some of these practices, and examples of how governments are using them, are included in the Equity and Outcomes Resource Guide that we put out last summer and is available on our website. Today, I'm going to mention four areas in particular where we are most excited about what cities are doing.

The first best practice is making equity an explicit goal of recovery programs; this involves approaches like using equity frameworks to identify and design investments, and ensure services are available in the communities with the greatest need.

Simply put, equity is not just a moral imperative, it is an economic one. The exclusion of communities of color from the ladder of economic opportunity holds back economic growth for the entire country. Overall, according to a McKinsey report, closing the racial wealth gap could increase U.S. GDP by 4 to 6 percent, or up to \$1.5 trillion, over ten years.

A great example here is San Antonio's equity budget tool, which the city is using to allocate SLFRF resources in a way that addresses long-standing inequities in the city's neighborhoods.

Second, we are seeing an unprecedented focus from state and local governments on community engagement. This is vitally important to make sure that fiscal recovery funds are actually addressing the challenges that communities are facing. This is particularly worthwhile when it focuses on engaging voices from underserved communities and making sure these fiscal recovery funds can reach those who might previously have been left out.

For example, Durham, NC used a robust and multifaceted community engagement process in its SLFRF spending process, which has included community surveys, community meetings, and other innovative approaches to receiving feedback.

Third, we have encouraged all governments to incorporate evidence-based practices into the budget and spending process while collecting performance data to track progress toward advancing equitable outcomes.

To give one example, in its Recovery Plan Performance Report, the City of Boston is providing specific performance metrics and evaluation information for every one of its projects and is conducting evaluations for projects such as its young adult job opportunities program.



Treasury has also used its own reporting guidance to strongly encourage state, local, and Tribal governments to use funds to advance equity, focus engagement with the community when developing spending plans, and make evidence-based investments by requiring large governments to publicly articulate in their reporting about their actions in these areas.

Fourth, we are working to spread examples of high-impact projects between local governments. Sharing examples of how governments are using fiscal recovery funds to make key investments allows for peer learning, as local governments across the country find smart and innovative uses for these funds. As I discussed in our earlier session today, we're especially focused on sharing examples in areas like affordable housing and workforce where we see an exceptional opportunity for investments to strengthen the recovery over the long run.

So what comes next?

We are in many ways entering the third quarter of SLFRF implementation – perhaps the most crucial moment for determining what kind of impact these funds will have.

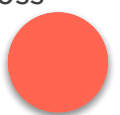
At Treasury, our focus in 2023 will be on helping to support these best practices – when it comes to both the what and the how of SLFRF investments. We're working in partnership with the rest of the Federal government not only in the implementation of the new eligible uses established under the December appropriations legislation, but in supporting some of the highest-impact uses of these funds.

We will continue to highlight best practices, and share tools for cities and other communities across the country to use as they spend out their funds. But we also know that the best tool for spreading these practices is for cities to hear from and learn from their peers. That's why we're working with organizations like USCM, nonprofit organizations, and philanthropy to identify more ways of providing hands on support and peer learning to help cities do this work.

And it leads to my final point, which is a place I hope we can partner together – by lifting up our successes.

When you look at a program at the scale and scope of the State and Local Fiscal Recovery Funds, for example, it is sometimes easy to lose track of the specific impacts it is having – among 30,000 recipient governments and over 55,000 projects.

But I would argue that one of the most important things for us to do – at Treasury, and among recipients – is demonstrate what these historic investments are doing for communities across the country.



In part, that is because there is a value to celebrating accomplishments and demonstrating both in real-time and for future policymakers why fiscal aid during a crisis matters. But there is also an ongoing policy benefit to lifting up what works in your communities. There is no greater spur to investing in the best, most effective approaches than sharing them.

For example, in July, the Vice President, Treasury, and other administration officials hosted a White House Summit on American Rescue Plan workforce investments to hear best practices from local and state officials on how they are using SLFRF to strengthen and expand the workforce. We've seen communities take projects they learned about at that session and introduce their own similar efforts in the months since – recognizing that the best projects are often ones that have been road-tested in another community

As another example, the White House and Treasury have hosted a number of working sessions with local government officials and advocates on emergency rental assistance, including an August summit on building lasting eviction prevention reforms with leaders from Oregon, Illinois, Michigan and Ohio.

We'll continue to find ways to bring recipients together to share best practices – and we encourage you to do the same.

With that, I want to thank you again for having me here and look forward to hearing from the mayors in the room about the successes they have had with using State and Local Fiscal Recovery Funds in their communities.

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