

NEGFOA



Government Finance Officers Association

April 8, 2021

Emily Brock, *Director*

Federal Advocacy

- Congressional Advocacy
 - Tax exempt municipal bonds
 - Deductibility of state & local taxes
 - Municipal Market Disclosure Advocacy
 - Pensions & Benefits
- Executive Advocacy
 - SEC
 - MSRB
- Amicus Briefs to the Supreme Court



Public Finance Network

The Big Seven

1. National Governor's Association
2. US Conference of Mayors
3. National Association of Counties
4. National League of Cities
5. ICMA
6. Council of State Governments
7. National Conference of State Legislatures

The Financial Four

8. National Association of State Treasurers
9. National Association of State Budget Officers
10. National Association of Comptrollers, Auditors and Treasurers

Housing

11. National Association of Local Housing Finance Authorities
12. National Council of State Housing Agencies

Conduit Issuers

13. National Association of Health & Educational Facilities Finance Authorities
14. American Hospital Association

Public Works and Utilities

15. American Public Gas Association
16. American Public Transportation Association
17. American Public Works Association

Water

18. American Water Works Association
19. Association of Metropolitan Water Agencies
20. National Association of Clean Water Agencies
21. Water Infrastructure Network
22. National Water Resources Association
23. Water Reuse Association



Schools

24. National Association of School Boards
25. National Association of College and University Business Officers
26. Association of School Business Officers
27. National Education Association

Power

28. Large Public Power Association
29. American Public Power Association

All Other Partners

30. The National Association of Towns and Townships
31. American Planning Association
32. American Society of Civil Engineers
33. International Economic Development Council
34. International Public Management Association for Human Resources
35. National Association of County and City Health Officials
36. National Association of County Community and Economic Development
37. National Association of Development Organizations
38. National Association of Regional Councils
39. National association of Resource Conservation and Development Councils
40. National Community Development Association
41. National Council on Teacher Retirement
42. National Association of State Retirement Administrators

Congressional Activity



The Coronavirus Response and Relief Supplemental Appropriations Act of 2021

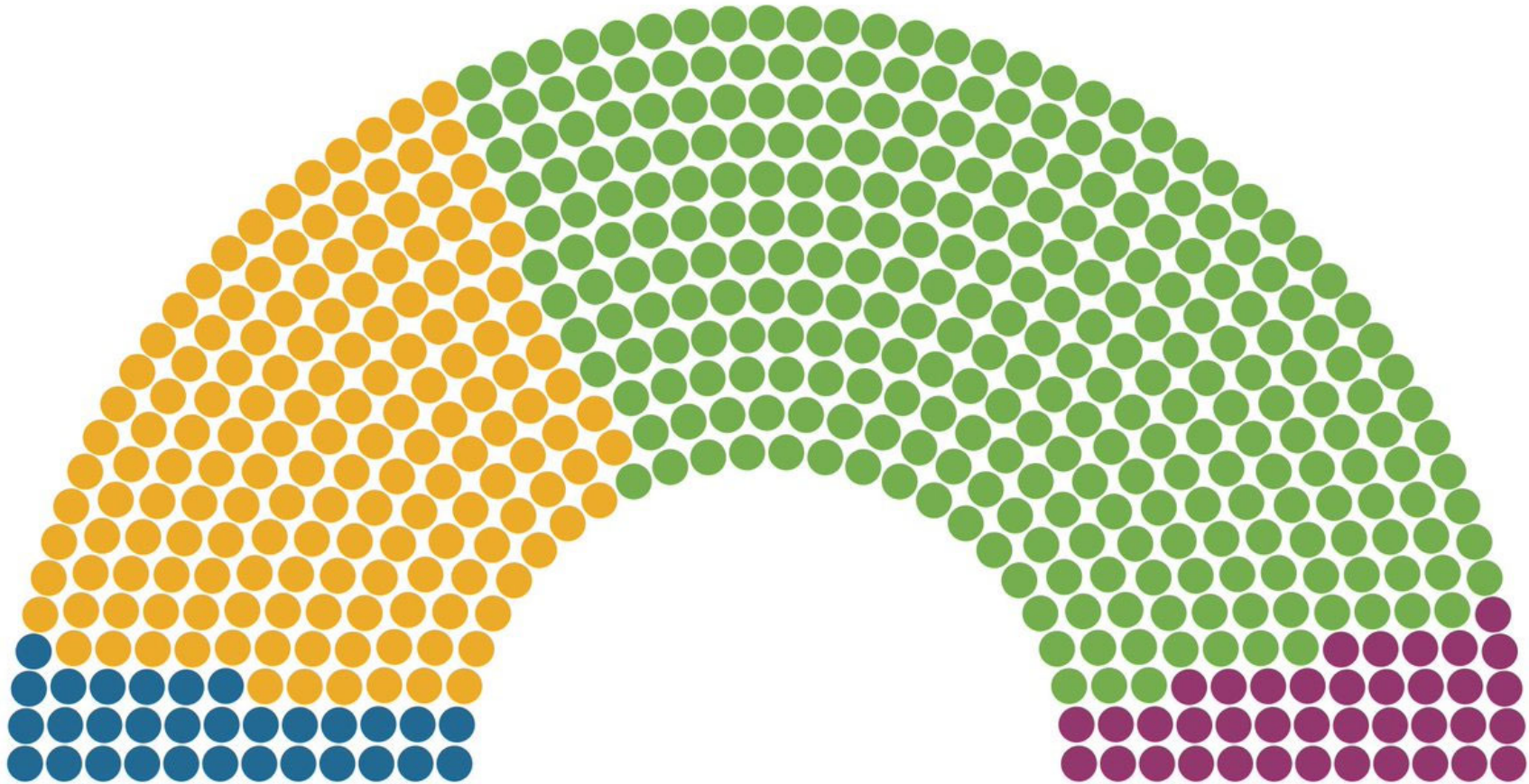
- Relief funding
 - Coronavirus Relief Fund
 - Spend date extended to 12/31/2021
 - Transportation \$45B
 - Vaccination distribution \$22B
 - Utility assistance \$638M
 - Rental assistance \$25B
 - Extends moratorium on evictions
 - Education \$82B
 - Education Stabilization Fund
 - Unemployment Insurance \$120B
 - \$300 per week
 - Through March 31st 2021
 - Paycheck Protection Program \$284B

GFOA's CRRSA Analysis

The screenshot shows a web browser displaying the GFOA's CRRSA Analysis website. The page title is "GFOA's CRRSA Analysis". The main content is a table titled "Legislation Highlights" with four columns: "ISSUE AREA", "LOCATION IN BILL TEXT", "PROVISION/SECTION SUMMARY", and "AGENCY RESPONSIBLE FOR OVERSIGHT/ADMINISTRATION".

ISSUE AREA	LOCATION IN BILL TEXT	PROVISION/SECTION SUMMARY	AGENCY RESPONSIBLE FOR OVERSIGHT/ADMINISTRATION
Additional funding for state and local governments to address revenue losses		NOT INCLUDED IN THE FINAL BILL	
Coronavirus Relief Fund (CRF) Spend Extension	Division N, Title X, Sec. 1001	Spend date extended until December 31, 2021	U.S. Treasury (CRF FAQs, Guidance) U.S. Treasury Office of the Inspector General (Reporting and Record-keeping)
Education Funding (Schools)	Division M, Title III, Sec. 311	Total funding included = \$82 billion, funding highlights: <ul style="list-style-type: none"> • Governors Emergency Education Relief Fund (\$4.05B) • Elementary/Secondary School Emergency Relief Fund (\$54.3B) • Higher Education Emergency Fund (\$22.7B) • Outlying areas and the Bureau of Indian Education (\$88 million) 	U.S. Department of Education (Education Stabilization Fund)
Employee Retention Tax Credit	Division EE, Title II, Sec. 207	Extends credit until July 1, 2021 and includes higher education and hospitals as eligible	Internal Revenue Service (General Information and FAQs)

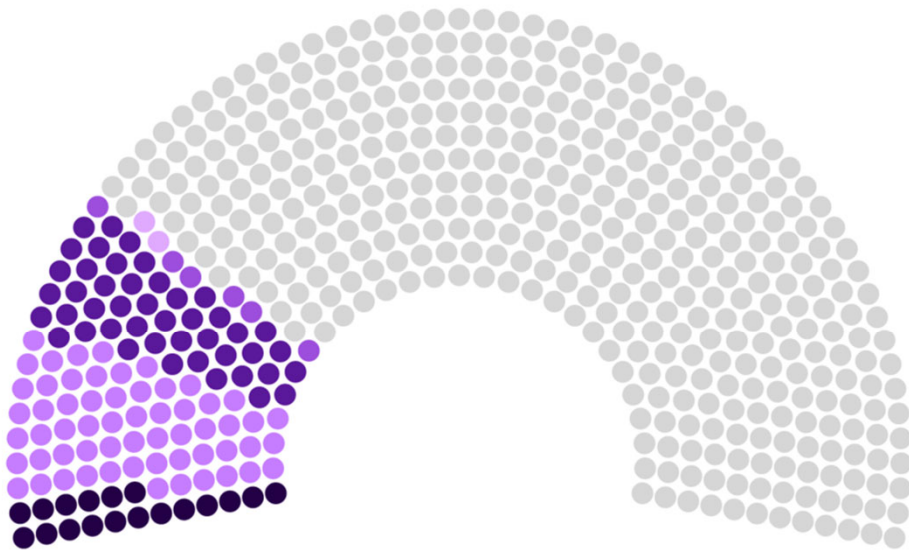
The 117th Congress



● Millennial ● Generation X ● Baby Boomers ● The Silent Generation

The 117th Congress

Racial breakdown of the 117th Congress



● Asian ● Black ● Hispanic/Latino ● Native American ● Arab American ● Caucasian

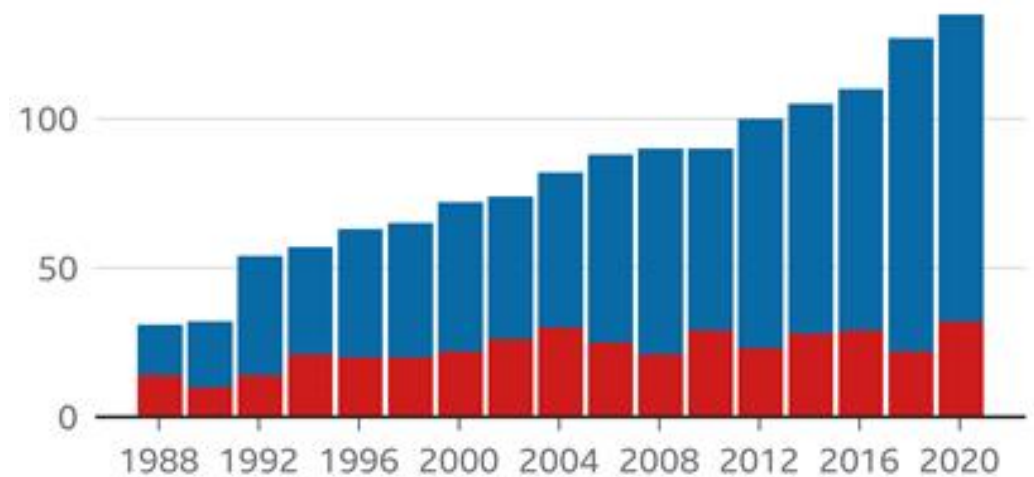
Source: The Hill analysis • Not all races have been called as of November 30, 2020

✳ A Flourish election chart

Record year for women in Congress

Number of women serving in House and Senate after election

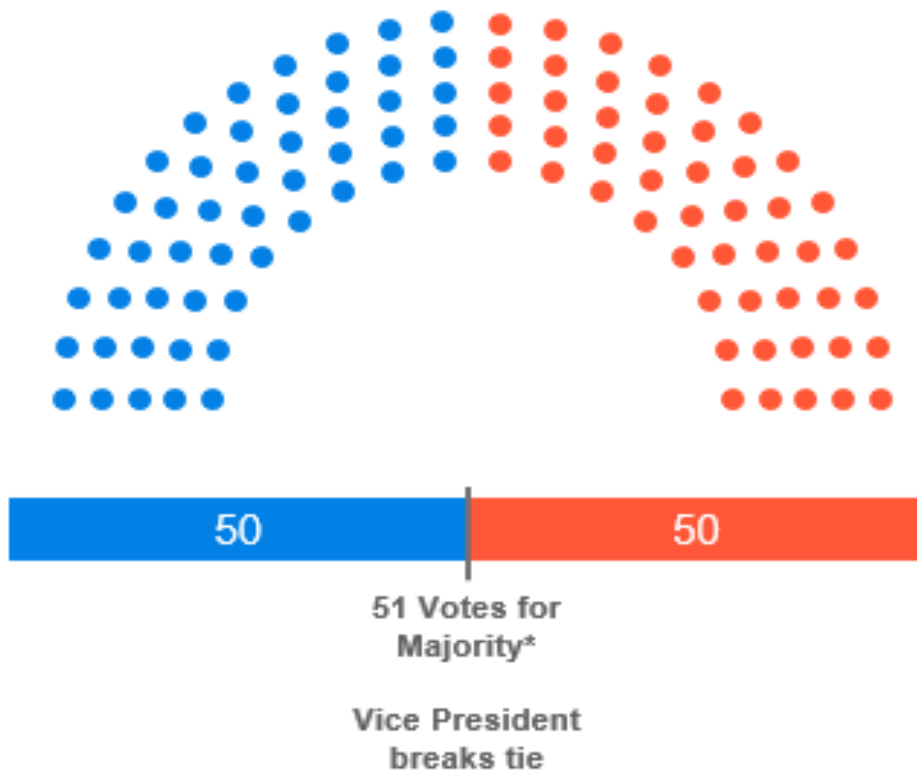
■ Republicans ■ Democrats



Source: Center for American Women and Politics

BBC

117th Congress: Senate



- Georgia flip
- Reconciliation
- Simple majority

*Independent Senators Sanders (I-VT) and King (I-ME) counted as Democrats

Biden-Harris 2021 Administration



Biden Executive Orders

January 22nd	Restores collective bargaining power and worker protections for federal workers, and lays the foundation for \$15 minimum wage
January 22nd	Directs FEMA to expand reimbursement to states to fully cover the cost for National Guard personnel and emergency supplies
January 21st	Directs the Department of Education and HHS to provide guidance for safely reopening and operating schools, childcare providers and institutions of higher education
January 21st	Requires mask wearing in airports and on certain modes of transportation, including many trains, airplanes, maritime vessels and intercity buses. International travelers must provide proof of a negative Covid-19 test prior to coming to the US
January 21st	Accelerates manufacturing and delivery of supplies for vaccination, testing and Personal Protective Equipment
January 20th	Stops the United States' withdrawal from the World Health Organization, with Dr. Anthony Fauci becoming the head of the delegation to the WHO
January 20 th	Extends the existing nationwide moratorium on evictions and foreclosures until at least March 31



Janet Yellen
Treasury

- Former Chair of Federal Reserve
- Managed economic recovery
- Defended stimulus from fed in response to 2008 financial crisis



Marcia Fudge
Housing and Urban
Development

- Mayor of Warrensville Heights OH
- Director-Office of Budget & Finance, Cuyahoga County
- Committee on Agriculture



Pete Buttigieg
Transportation

- Former Mayor of South Bend IN
- Former presidential candidate
- Commented on advanced refunding during confirmation hearings



Marty Walsh
Labor

- Mayor of Boston
- Former member MA House of Representatives



Gina M. Raimondo
Commerce

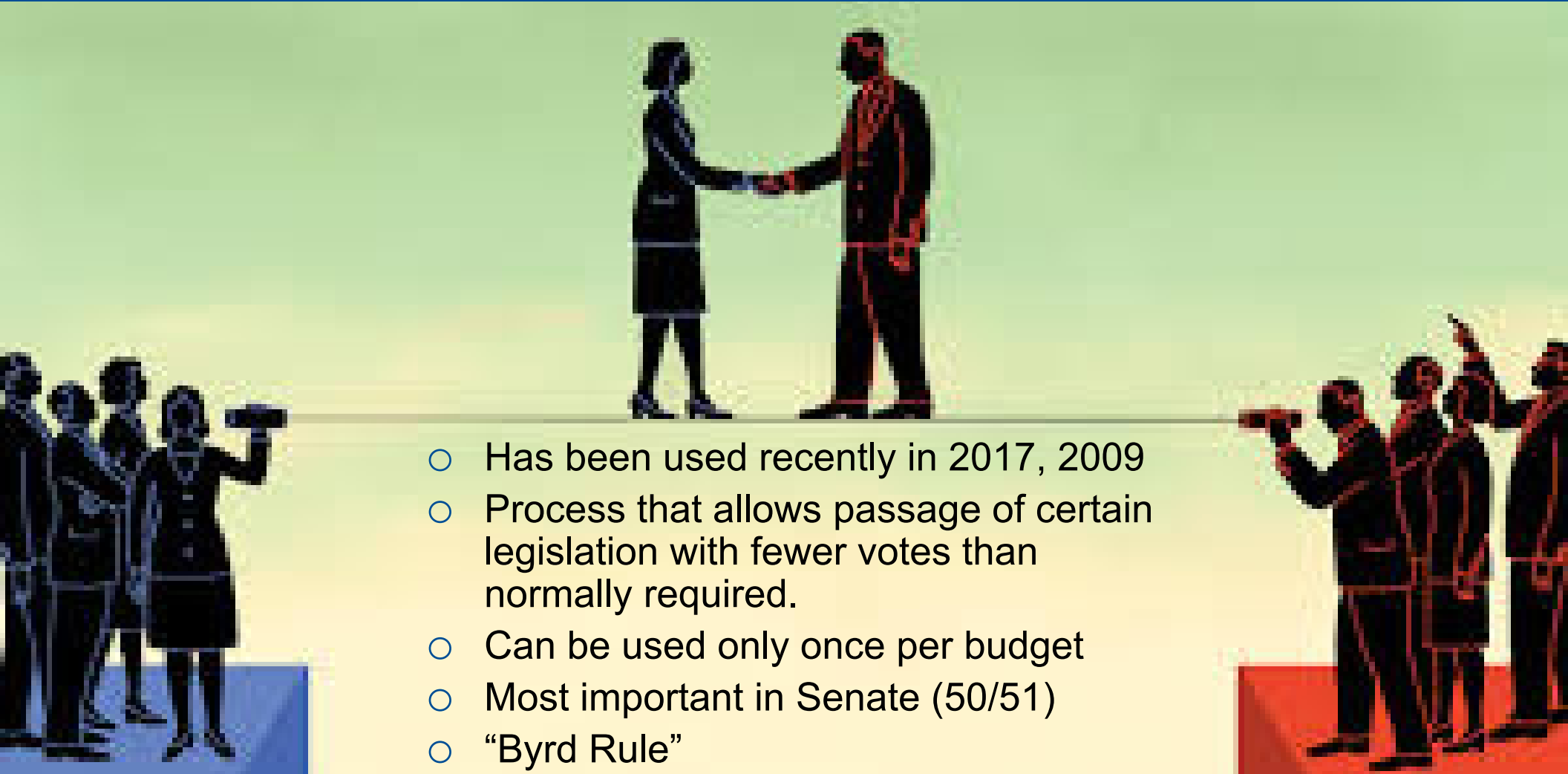
- Governor of Rhode Island
- Former General Treasurer of Rhode Island

The American Rescue Plan



- **\$1400 Direct payments to individuals**
- **\$350 billion for state and local governments**
- **\$130 billion for reopening schools**
- **Extension of augmented UI through September 2021 (\$400 per week)**
- **Expansion of child care credits**
- **\$25 billion to Emergency Stabilization Fund for child care providers**
- **\$15 billion for Child Care & Development Block Grant**
- **\$5 billion for homeless & at-risk**
- **Extend eviction moratorium & provide \$25 billion in rental assistance and \$5 billion in utility assistance**
- **\$30 billion into the Disaster Relief Fund**
 - **100% federal reimbursement for “critical emergency response resources” to S&L gov’ts**

Reconciliation 101



- Has been used recently in 2017, 2009
- Process that allows passage of certain legislation with fewer votes than normally required.
- Can be used only once per budget
- Most important in Senate (50/51)
- “Byrd Rule”



American Rescue Plan of 2021

American Rescue Plan Act of 2021

- **\$1.9 Trillion TOTAL**
- **\$350B to states and local governments**
- **The state portion of the funding is \$195 billion:**
 - \$25.5 billion minimum will be distributed equally among the 50 States and the District of Columbia gets 1.25B.
 - Remaining amount will be distributed according to a formula that takes into account each state's share of unemployed individuals.

American Rescue Plan Act of 2021

- **The local portion of the funding is \$130 billion**
 - Equally divided between cities and counties.
 - For cities, \$45.5 billion of the \$65 billion will be allocated to metro cities (pop. over 50,000) utilizing a modified formula,
 - and the remaining amount for smaller jurisdictions (pop. under 50,000) will be allocated according to pop. share but will not exceed 75 percent of their most recent budget.
 - For counties, the \$65 billion will be allocated based on the county share of population. Counties that are CDBG recipients would receive the larger share between the population based on CDBG formula.
- Payments to local governments will be made in two tranches - first half 60 days after enactment, second half one year later.

American Rescue Plan Act of 2021

- **Eligible uses include (section 602 and 603):**
 - “(A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
 - “(B) to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the State, territory, or Tribal / local government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
 - “(C) for the provision of government services to the extent of the reduction in revenue of such State, territory, or Tribal / local government due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the State, territory, or Tribal government prior to the emergency; or
 - “(D) to make necessary investments in water, sewer, or broadband infrastructure.

- **Two restrictions on eligible uses:**
 - funds cannot be used to directly or indirectly offset tax reductions or delay a tax/tax increase (Sec. 602); funds cannot be deposited into any pension fund (Sec. 602).
 - **Funding available through and must be spent by end of calendar year 2024.**

Questions from WH/Treasury

- *What questions do your members have about the permissible uses of the funds?*
 - *Covered Period*
 - *Eligible use of Proceeds*
- *Are there specific examples of desired spending that your members have raised?*
- *What questions do your members have about the restrictions on the use of funds?*
- *What concerns do your members have based on their experience deploying funding from the Coronavirus Relief Fund established by the CARES Act?*
- *What concerns or questions do your members have about the timing of distributions?*
- *Do you have suggestions as to how you would like to receive information about the funds?*
- *What information do your members need in order to spend the resources most effectively?*
- *What can U.S. Treasury do to be most helpful to recipients throughout implementation?*
- *What other aspects of the program or statute will your members most need additional clarity around?*

GFOA ARPA Guiding Principles

- Temporary Nature of ARPA Funds
 - Care should be taken to avoid creating new programs or add-ons to existing programs that require an ongoing financial commitment.
 - Replenishing reserves used to offset revenue declines during the pandemic should be given high priority to rebuild financial flexibility/stability and restore fiscal resiliency.
 - Use of ARPA funds to cover operating deficits caused by COVID-19 should be considered temporary and additional budget restraint may be necessary to achieve/maintain structural balance in future budgets.
 - Investment in critical infrastructure is particularly well suited use of ARPA funds because it is a non-recurring expenditure that can be targeted to strategically important long- term assets that provide benefits over many years. However, care should be taken to assess any on-going operating costs that may be associated with the project.

GFOA ARPA Guiding Principles

○ ARPA Scanning and Partnering Efforts

- Local jurisdictions should be cognizant of state-level ARPA efforts, especially regarding infrastructure, potential enhancements of state funding resources, and existing or new state law requirements.
- Consider regional initiatives, including partnering with other ARPA recipients. It is possible there are many beneficiaries of ARPA funding within your community, such as schools, transportation agencies and local economic development authorities. Be sure to understand what they are planning and augment their efforts or create cooperative spending plans to enhance the structural financial condition of your community.

GFOA ARPA Guiding Principles

○ Take Time and Careful Consideration

- Use other dedicated grants and programs first whenever possible and save ARPA funds for priorities not eligible for other federal and state assistance programs.
- Whenever possible, expenditures related to the ARPA funding should be spread over the qualifying period (through December 31, 2024) to enhance budgetary and financial stability.
- Adequate time should be taken to carefully consider all alternatives for the prudent use of ARPA funding prior to committing the resources to ensure the best use of the temporary funding.



What About Infrastructure?

Infrastructure

- Stand Alone Bills in the House
 - Need a pay-for
 - Need to have bipartisan approval
- Must have 10 Republican Senators supporting
- Reconciliation is the Only Other Option!

Advance Refunding

- Wicker/Stabenow
 - Fully reinstates tax-exempt advance refunding
 - Has 20 cosponsors, 10 Republicans
- Ruppersberger (MD) /Stivers (OH)
 - Fully reinstates tax-exempt advance refunding
 - Has 47 bipartisan cosponsors

BQ “Small Borrower Exception”

- Raises ceiling on BQ Debt from \$10-\$30M
 - Pegs to inflation thereafter
 - No real challenges in the Senate, just need a champ
 - No real challenges in the House, Terri Sewell (AL) will introduce
 - True cost \$5B

BABs or Direct-Pay Bonds

- Wicker (MS) / Bennett (CO)
 - Front-loaded subsidy
 - Hasn't been introduced yet
- Lots of love for BABs in the House
 - New push from Ways and Means
 - Protection from Sequestration is still in question

The Municipal Bond Tax Exemption

- Municipal Finance Caucus
 - Champions for the municipal bond market in Congress
 - Founder/Chair: Rep. Dutch Ruppersberger
- Market
 - Resilient & robust muni bond market
- Public Finance Network
 - Strong & steadfast coalition

How GFOA Priorities Fit

- Must preserve tax-exempt status
 - There is no finance tool capable of replacing the municipal bond
- Assumed threat
 - Too often the federal government turns to state and local governments for funding resources – the FLC remains prepared for defense.

Bottom Line: Muni bonds remain the financial backbone for state and local governments everywhere. All of the FLC's advocacy is tied to the protection of the tax-exemption.

#builtbybonds

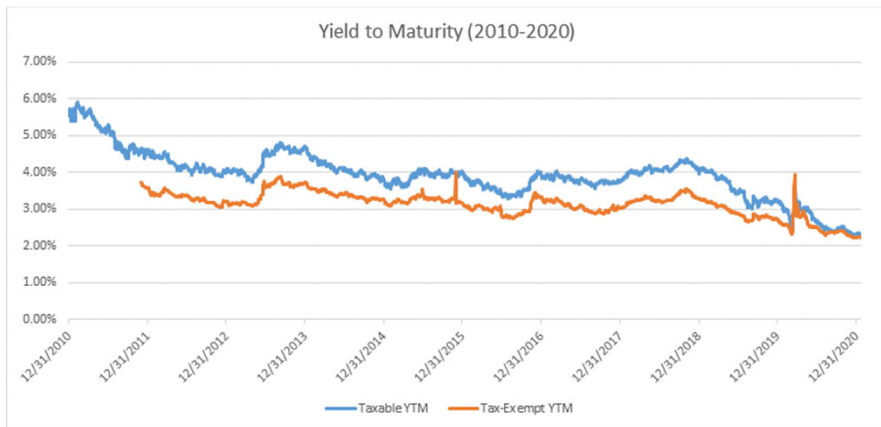
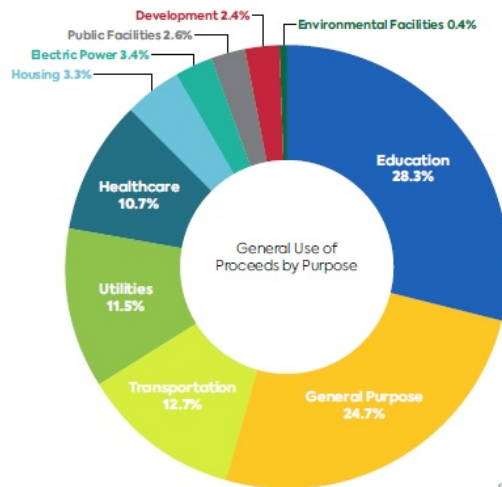


Exhibit 2. Projects funded by bonds by type and five year average

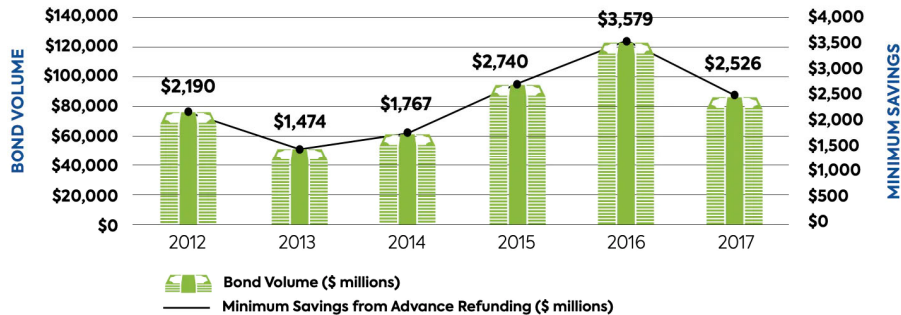


SOURCE: THOMSON REUTERS

- Historically TEBs still advantageous
- Over time state and locals have provided the majority of infrastructure financing
- Infrastructure = more than just roads and bridges

GFOA Priorities for Infrastructure Investment

ADVANCE REFUNDING ISSUANCE

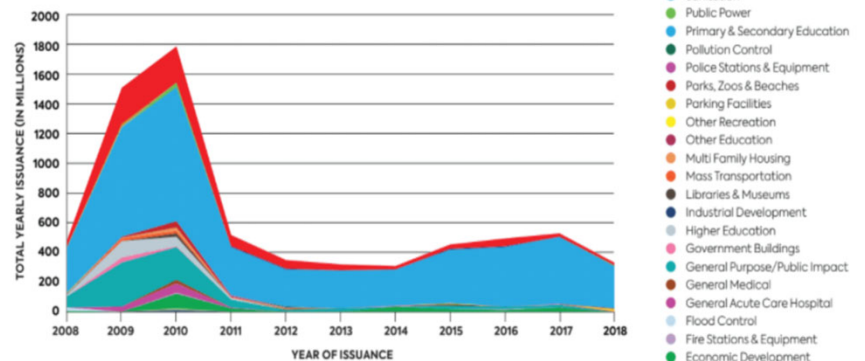


Source: GFOA analysis of Thomson Reuters data



CALIFORNIA

BQ BOND ISSUANCE BY GENERAL USE OF PROCEEDS: 2008-2018
(in millions)



Source: GFOA analysis of Thomson Reuters data as of 11/28/18

- Water, Sewer & Gas Facts
- Toll Roads, Highways & Streets
- Single Family Housing
- Sanitation
- Public Power
- Primary & Secondary Education
- Pollution Control
- Police Stations & Equipment
- Parks, Zoos & Beaches
- Parking Facilities
- Other Recreation
- Other Education
- Multi Family Housing
- Mass Transportation
- Libraries & Museums
- Industrial Development
- Higher Education
- Government Buildings
- General Purpose/Public Impact
- General Medical
- General Acute Care Hospital
- Flood Control
- Fire Stations & Equipment
- Economic Development
- Cont. Care Retirement Community
- Combined Utilities
- Civic & Convention Centers
- Assisted Living

- CA AR over the same period = 818 issuances, \$60B in volume, \$1B in savings
- CA BQ = State appetite has been steady, typical spike (ARRA)
- CA BABs = 165 issuances, \$181B, wide range of use (housing, higher ed, water)



Thank you