

# AMERICAN RESCUE PLAN RECOMMENDATION

2021



**Chicago City Council**  
**Office of Financial Analysis**

## American Rescue Plan - Budget Narrative

The City of Chicago is set to receive \$1.9 Billion in American Rescue Plan (ARP) funds. The primary purpose of the ARP funds is to help City governments to alleviate some of the financial burdens that were brought on by the global COVID-19 pandemic. Uses of these funds can include support for public health expenditures, investments in water, sewer, and broadband infrastructure, as well as replace lost public sector revenue.

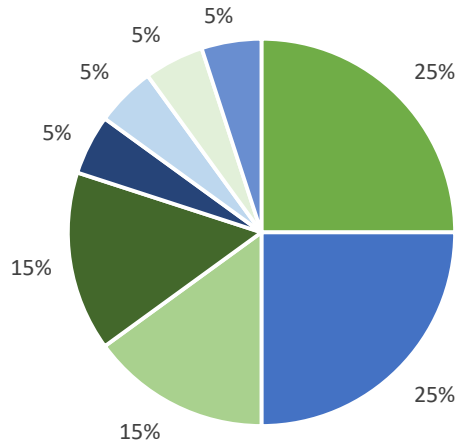
The City has experienced a variety of issues as a result of the pandemic. While some of these issues were not unique to a large city, the pandemic exacerbated mental health issues, resulted in lost revenue for the City and its businesses, increased homelessness, and resulted in lost income of Chicagoans. It also magnified existing inequities related to access to healthcare as well as rights and protections for essential workers.

While the City has competing needs in a range of areas, it is important to prioritize those needs in a way that will guide the use of ARP funds. The twofold goal is to put Chicago in a more fiscally sound position, as well as position the City to not only sustain its operations, but also support residents who were most affected by the pandemic.

COFA has formulated a general allocation in which the ARP funds can be used. The goal is to meet immediate needs of Chicago residents as it relates to the pandemic, including homelessness, rent assistance, violence prevention, and mental health. The other goal is to position the City to sustain its operations and mitigate budget shortfalls, hopefully placing the City in a more financially stable position for the coming years. The recommended allocation is as follows:

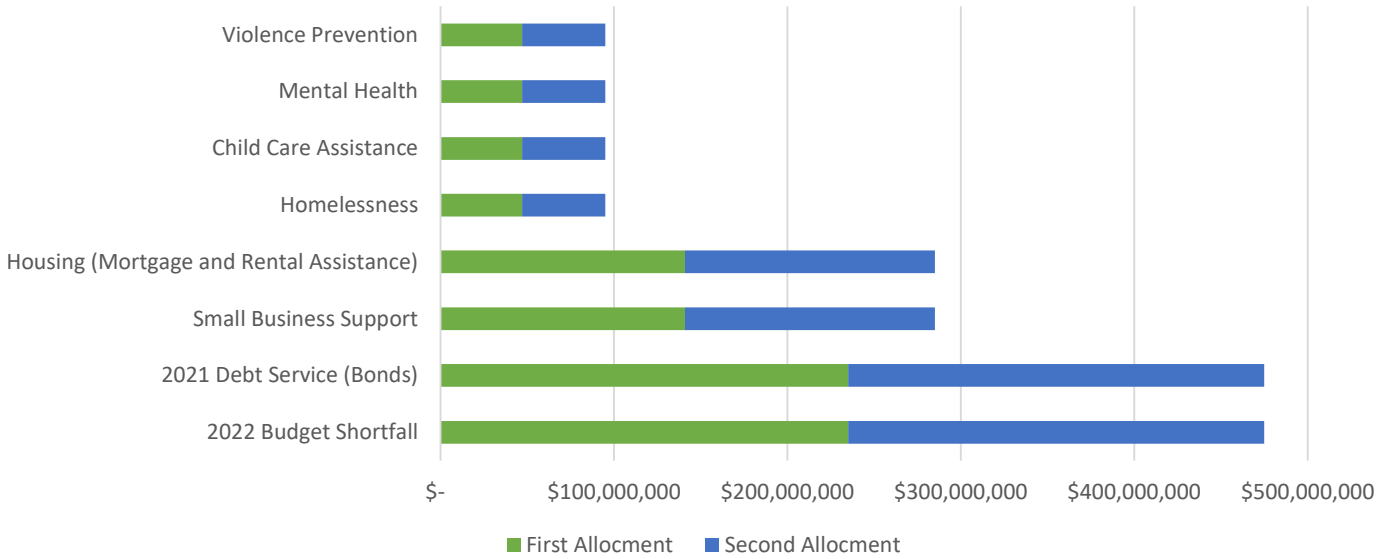
<b>COFA - American Rescue Plan Allocation Recommendation Categories</b>	<b>ARP Allocation Percentage</b>	<b>First Allotment</b>	<b>Second Allotment</b>	<b>Total American Rescue Plan</b>
2022 Budget Shortfall	25%	\$ 235,000,000	\$ 240,000,000	\$ 475,000,000
2021 Revenue Loss	25%	\$ 235,000,000	\$ 240,000,000	\$ 475,000,000
Small Business Support	15%	\$ 141,000,000	\$ 144,000,000	\$ 285,000,000
Housing ( Mortgage and Rental Assistance	15%	\$ 141,000,000	\$ 144,000,000	\$ 285,000,000
Homelessness	5%	\$ 47,000,000	\$ 48,000,000	\$ 95,000,000
Child Care Assistance	5%	\$ 47,000,000	\$ 48,000,000	\$ 95,000,000
Mental Health	5%	\$ 47,000,000	\$ 48,000,000	\$ 95,000,000
Violence Prevention	5%	\$ 47,000,000	\$ 48,000,000	\$ 95,000,000
	<b>100%</b>	<b>\$ 940,000,000</b>	<b>\$ 960,000,000</b>	<b>\$ 1,900,000,000</b>

### ARP Allocation Percentage



- 2022 Budget Shortfall
- 2021 Debt Service (Bonds)
- Small Business Support
- Housing (Mortgage and Rental Assistance)
- Homelessness
- Child Care Assistance
- Mental Health
- Violence Prevention

### COFA American Rescue Plan Allocation Recommendation Categories



COFA also recommends that any of the ordinances and proposed spending related to ARP funds fall within one of the above categories. If we spread our spending across too many initiatives and one-off programs, then outcomes will not yield a true, positive, lasting impact to the City’s overall financial health and trajectory.

# Chicago Rescue Plan

Dept.	Dept/Grant Name	Amount	% of Total Budget	Comment/Recommendation
	<b>Total Budget</b>	<b>\$ 1,982,000,000</b>		
<b>1</b>	<b>Office of the Mayor</b>			
	Internet Accessibility	50,000,000	2.52%	Does not align with COFA recommendations
	Language Accessibility	1,000,000	0.05%	Does not align with COFA recommendations
	Office of New Americans	5,000,000	0.25%	Does not align with COFA recommendations
	Violence Prevention & Street Interruption Programs	50,000,000	2.52%	
<b>3</b>	<b>Office of the Inspector General</b>			
	Police Complaint Database	2,000,000	0.10%	Should be incorporate into the annual operating budget. Does not align with COFA recommendations On going expense.
<b>21</b>	<b>Department of Housing</b>			Every item in this category needs to be detailed, as it's unclear whether it aligns with rent relief.
	Affordable Housing Building	75,000,000	3.78%	
	Decarbonization Assistance Funds			
	Community Engagement & Canvasing	1,125,000	0.06%	
	Eviction Counseling	10,000,000	0.50%	
	Housing Stabilization Funds	50,000,000	2.52%	
	Long Term SRO Preservation Pilot	3,000,000	0.15%	
	Preservation of Existing Affordable Rental Housing	50,000,000	2.52%	
	Woodlawn Preservation Ordinance	12,500,000	0.63%	
			0.00%	
<b>23</b>	<b>Department of Cultural Affairs &amp; Special Events</b>			
	General Programming & Covid-19 Assistance	20,000,000	1.01%	This is very vague and doesn't align with COFA recommendations.
<b>Dept.</b>	<b>Dept/Grant Name (Continue)</b>	<b>Amount</b>	<b>% of Total Budget</b>	<b>Comment/Recommendation</b>

<b>27</b>	<b>Department of Finance</b>				
	Guaranteed Basic Income Pilot	30,000,000	1.51%		This is not effective, as it only affect 5000 families and will not substantially impact the Chicago low-income population.
<b>41</b>	<b>Department of Public Health</b>				It is recommended to cut some line items in this area.
	Establishment of Mental Health Clinics	100,000,000	5.05%		
	Establishment of STI Clinics	25,000,000	1.26%		
	Mental Health Assistance	10,000,000	0.50%		
	Mental Health Services Emergency Response	100,000,000	5.05%		
	Targeted Vaccination Campaign	50,000,000	2.52%		Does this include administering the vaccine?
	Grant to Cook County School-Based Health Clinics	8,000,000	0.40%		
<b>50</b>	<b>Department of Family &amp; Support Services</b>				
	Child Care Additional Eligibility	496,275,000	25.04%		This doesn't align with COFA recommendations and child care constitute 25% of budget
	Domestic Violence Prevention	57,000,000	2.88%		
	Homelessness Assistance	30,000,000	1.51%		
	Legal Support for Homeless Stimulus Check Filings	1,000,000	0.05%		
	Long-term Care Facility Ombudsman Program	4,000,000	0.20%		On going expense. Should be incorporate into the annual operating budget.
	Rapid Re-housing	50,000,000	2.52%		
	Stimulus Checks for Federally-Excluded Residents	90,000,000	4.54%		
	Youth Employment Assistance	30,000,000	1.51%		
<b>54</b>	<b>Department of Planning &amp; Development</b>				
	Service Restoration Covenants at Mercy Hospital	3,600,000	0.18%		Does not align with COFA recommendations
<b>70</b>	<b>Department of Business Affairs &amp; Consumer Protection</b>				
<b>Dept.</b>	<b>Dept/Grant Name (Continue)</b>	<b>Amount</b>	<b>% of Total Budget</b>	<b>Comment/Recommendation</b>	
	Covid-19 Mitigation Compliance	25,000,000	1.26%		

	Small Business Assistance	40,000,000	2.02%	
<b>84</b>	<b>Department of Transportation</b>			
	Electric Truck Charging Stations	5,000,000	0.25%	Does not align with COFA recommendations
	Electrification Subsidy for Small Truck Operators	10,000,000	0.50%	Does not align with COFA recommendations
	EV Charging Stations	50,000,000	2.52%	Does not align with COFA recommendations
<b>85</b>	<b>Department of Water Management</b>			
	Lead Service Line Replacement Efforts	50,000,000	2.52%	Does not align with COFA recommendations
	Water Bill Debt Relief	330,000,000	16.65%	Does not align with COFA recommendations
<b>Total</b>		<b>\$1,924,500,000</b>	<b>97%</b>	