



How the American Rescue Plan is Supporting Economic Recovery in Ohio Cities



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EXECUTIVE SUMMARY

The American Rescue Plan (ARP) presented Ohio mayors and their cities a unique challenge in 2021: help your cities' residents and communities recover from the COVID-19 pandemic, and think about the kinds of transformational changes the pandemic has made even more urgent.

In thinking strategically about how to make best use of this lifeline from the federal government, Ohio Mayors Alliance members, whose 2021 proposals and allocations of ARP funds are summarized in this report, have taken a three-tiered approach.

Stabilize

First, and most urgently, mayors have had to stabilize their city budgets and ensure the health and safety of their communities in the face of a global pandemic that has killed over 26,000 Ohioans. ARP has contributed to this effort most visibly in providing the needed funds to allow cities to balance their city budgets. ARP will also ensure needed public health and public safety resources continue to be available in the face of often drastic budget cuts.

As the Ohio Mayors Alliance laid out in our [2021 report](#) on the impact of work from home on city budgets, the pandemic has reduced cities' revenue from income taxes significantly, and this is an immediate problem with potentially long-lasting effects. ARP has helped Ohio cities stabilize their budgets and avoid potentially disastrous cuts to essential public services and city workers' jobs.

Lay the groundwork

Second, mayors face a sometimes long list of needed infrastructure and public services improvements. Water infrastructure, for example, is not visible - crumbling lead pipes and water service lines lie underground, out of sight - but, as Flint, Michigan demonstrated, play a complex and crucial role in the health of communities. Beginning to address some of the long-needed improvements to cities' infrastructure and public services is a first step toward having healthy, strong communities within which transformational change can be built.

Many Ohio Mayors Alliance members are at this point in their planning for ARP funds allocations. In developing a strategy for ensuring community recovery, meeting the basic and essential needs of the community is a priority that resonates across party lines and improves the lives of all city residents. These investments are fundamental to laying the groundwork for future, more transformative, plans.

Plan and implement transformational change

Third, ARP provides a framework for cities to address some of the long-standing needs they face and which COVID-19 has brought to the forefront. For example, community violence prevention, housing affordability and homelessness, mental health needs, and improving the availability and affordability of childcare for working families. None of these issues can be solved with money alone, from ARP funds or any other source, but many Ohio Mayors Alliance members are working now to strategize and plan to ensure that ARP funds can play a role in their vision for the transformative changes needed to address some of these complex and crucial issues.

Part of this process is the community stakeholder engagement that ARP has instigated cities to do over the course of 2021. Mayors have solicited community input, held community meetings, and dedicated portions of their ARP allocations to community and nonprofit organizations that address some of the critical needs exacerbated by the pandemic. This process, facilitated by the availability of ARP funds and continued with the commitment of mayors and the residents of their cities, will produce transformational change in Ohio cities. The seeds of many such projects are evident in the plans laid out in this report.

Ohio Mayors Alliance is a bipartisan coalition of Ohio's largest cities.

28 of Ohio's large and mid-sized cities were included in this analysis. Those 28 cities account for 29% of Ohio's total population.

OMA members will receive almost \$1.5 billion of Ohio's State and Local Fiscal Recovery Funds allocation and this report details proposals for over \$1 billion of those funds.

Cities received half of their ARP allocations in 2021 and will receive the other half in 2022.

OMA cities range in size from Columbus at over 900,000 residents to Lima at almost 35,000 residents.



COVID-19 and the Economic Recovery of Ohio's Cities

The COVID-19 pandemic has been nothing less than life-changing. For the over 2.2 million Ohioans who have contracted COVID, and for the over 30,000 Ohioans who have died of COVID.¹ For every parent, worker, and student whose daily life has changed in multiple ways.

For Ohio cities, especially Ohio's large and medium-sized cities, COVID has devastated businesses, downtowns, and neighborhoods, and the impact of the changes are ongoing, multiplying, and, for some, potentially permanent. The American Rescue Plan Act (ARP) is one of several federal government attempts to help states and communities recover from the effects of the pandemic. As part of this effort, ARP allocated over \$10 billion in State and Local Fiscal Recovery Funds (SLFRF) to the State of Ohio, as well as Ohio's cities, villages, and townships. The intent underlying these funds is to "provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses."²

As Ohio's largest cities, the 28 members of the Ohio Mayors Alliance (OMA)³ collectively account for a large amount of the local SLFRF allocated to Ohio - almost \$1.5 billion, of which half was distributed in 2021 and the other half will be coming in 2022. As cities strategize about how to spend their SLFRF allotments, they are balancing getting recovery funds out to impacted communities quickly with ensuring that funds are spent wisely and reported carefully. OMA has been tracking and cataloging such proposals (as well as approved expenditures) through news articles, city council meeting minutes, and publicly available announcements and data.

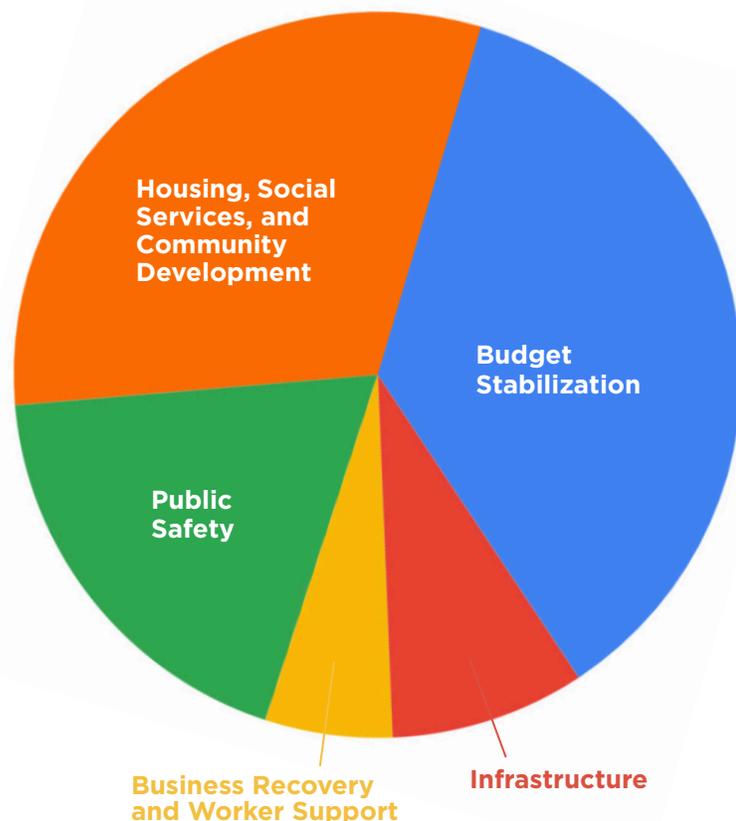
This document will provide a general summary of the expenditures mayors have proposed, to show both how cities are prioritizing the money and where they are spending it. It will also provide a snapshot of where we stand, at this moment (January 2022), in allocating the extraordinary investment the American people have made in ensuring that our cities recover from the COVID-19 pandemic, not just strong, but revitalized.



How Are Ohio Cities Spending Local American Rescue Plan (ARP) Funds?

Since September 2021, we have collected evidence of over \$1 billion in ARP-funded proposals, funds allocations, and approved expenditures in Ohio Mayors Alliance member cities. We have broken those funds down by category.

We emphasize that these funds represent a small slice of cities' ideas and proposals, captured at a particular moment in time. Several Ohio Mayors Alliance member cities have publicly reported no ARP expenditures or proposals. Many have allocated small amounts, as need has arisen, but have yet to allocate or propose spending for the majority of their funds. Many cities spent 2021 awaiting final rules and guidance from the U.S. Department of Treasury before allocating most or all of their funds. That final rule was released on January 6, 2022.



How Are Ohio Cities Spending Local American Rescue Plan (ARP) Funds?

Budget Stabilization

Cities rely on revenue from residents and businesses to fund their essential services, including public safety, street and public space maintenance, trash collection, and all of the jobs that keep cities running. Thus, the economic devastation of COVID-19 has also devastated cities' budgets. Ohio cities are no exception.

Not all Ohio Mayors Alliance cities have reported significant revenue loss, and those who have reported losses haven't always reported massive losses, but a few large Ohio cities have reported significant revenue losses. Cincinnati, for example, allocated a little over \$106 million of its ARP funds to lost revenue in 2021, and Cleveland reported over \$108 million in lost revenue. In addition, Toledo allocated over \$72 million of its ARP funds to revenue loss (and is using some of that allocation to move forward with police and fire department hiring that had been put on hold during the pandemic). With those three cities accounting for a large portion of the total, 11 OMA cities reported over \$371 million in revenue losses in 2021.



In 2021, Ohio Mayors Alliance members experienced revenue losses in excess of \$371 million.

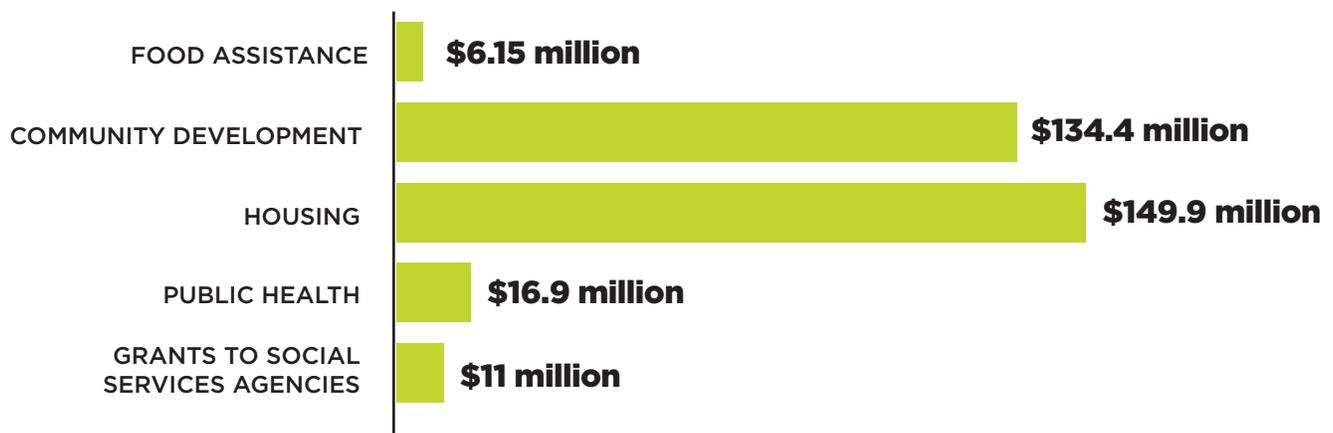
It is also important to note that the U.S. Department of Treasury's interim rule and guidance, which was not replaced by a final rule until January 6, 2022, laid out a specific formula for calculating revenue loss. That formula and the rules around calculating revenue loss have been updated for 2022⁴, which will lead to more flexibility for cities in using ARP funds to stabilize their budgets. For the purposes of this report, the calculations described are city calculations, which don't necessarily use the same revenue loss calculation formula as the federal rule. We expect to see updates to these numbers and will report on those updates in future versions of this report.

Although this issue will evolve and change in 2022, this snapshot of cities' revenue losses and plans in 2021 demonstrates that ARP's intention to restore balance to cities hardest hit by the pandemic is being fulfilled. Budget stabilization will continue to be a challenge in coming years. It is not yet clear how mayors and local governments will solve impending fiscal crises (for example, the impact on municipal income tax in Ohio), but it is clear that cities in Ohio have been able to use ARP funding to keep their first responders on the job and avoid the local economic devastation that followed the 2009 recession. This focus on economic recovery and ensuring that cities have the resources they need to avoid further economic devastation will continue in the new year.

Housing, Social Services, and Community Development

The U.S. Department of Treasury’s guidance for local governments on how to spend their ARP allocations indicates that cities should prioritize “urgent community needs” and respond to the “negative economic impact” of the COVID-19 pandemic.⁵ As a result, Ohio cities that have proposed allocations for part or all of their ARP funds have focused heavily on supporting Ohioans’ housing and social services needs, as well as community-centered development that is focused on neighborhoods and communities that have been disproportionately impacted by the pandemic.

In 2021, Ohio Mayors Alliance cities proposed allocating over \$318 million of their ARP funds allotments to programming dedicated to meeting their cities’ urgent needs around housing, social services, and community development.



These numbers represent both one-time allocations of funds as well as proposed allocations of funds over the three year time period laid out by the American Rescue Plan. These numbers also do not include the numerous cities that are currently engaging stakeholders and soliciting grant proposals, but have not yet awarded money intended for programs that fall under these categories.

There is also a strong potential overlap between spending priorities in this category and violence prevention spending priorities, since preventing violence and strengthening the public safety net that keeps individuals and families employed, fed, housed, and educated are deeply connected and mutually reinforcing.

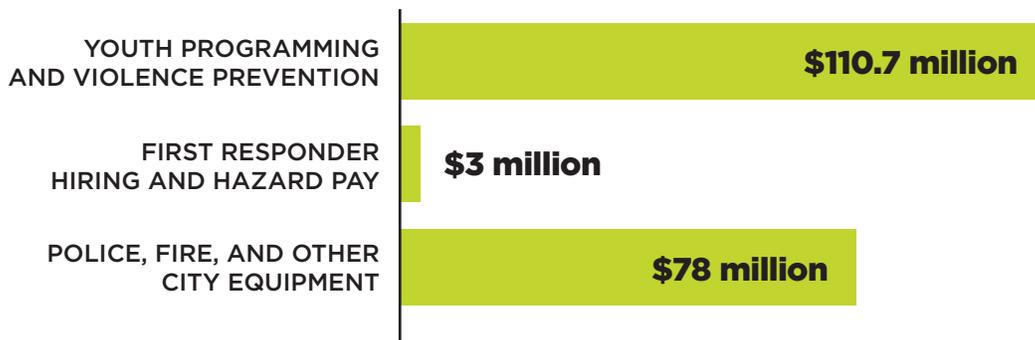
Some examples of ways cities are prioritizing these funds include:

- The cities of Cleveland,⁶ Columbus,⁷ Kettering,⁸ and Lakewood⁹ have collectively dedicated over \$25 million to emergency rental and mortgage assistance.
- Springfield Mayor Warren Copeland is dedicating \$3 million to green space development.¹⁰
- Toledo Mayor Wade Kapszukiewicz¹¹ and Youngstown Mayor Tito Brown¹² are both dedicating significant community development funds to demolishing blighted properties.
- Cities across Ohio, including Dayton and Columbus, are granting funds directly to community-based organizations that are working to address the overwhelming mental health and homelessness needs that have existed for some time but have skyrocketed during the COVID pandemic.

Public Safety

The COVID-19 pandemic has coincided with a sharp rise in violence in all parts of Ohio, and cities and suburbs are no exception. Public safety is a complex issue that touches many categories of spending, but mayors are thinking creatively about how to address their cities' needs, leverage funding from multiple sources, and collaborate with community organizations and businesses. The common thread among Ohio Mayors Alliance cities of all sizes is a focus on community partnerships and holistic thinking about how residents, business owners, first responders, schools, and health care providers can work together to keep communities and neighborhoods safe. Below are some examples of ways mayors have proposed using ARP funds to engage their communities and improve public safety.

In 2021, Ohio Mayors Alliance members proposed allocating over \$192 million in ARP dollars to spearhead public safety investments in:



These investments represent only a start. These are also conservative assessments of spending. Violence prevention, for example, could encompass a range of spending categories that are not included in the estimates above, such as demolition of vacant buildings, spending to combat homelessness and meet mental health needs, or spending on community centers and public green spaces.

Additionally, the numbers above do not account for hiring delayed during the pandemic. Some cities have been able to restart delayed hiring due to ARP's replacement for their lost revenue. Toledo Mayor Wade Kapszukiewicz, for example, proposed hiring 100 new police officers and 50 new firefighters, the cost of which is covered by the city's revenue recovery calculation.¹³

Other examples of ways mayors have proposed addressing violence and improving public safety in their cities:

- Akron Mayor Dan Horrigan has created a 5-point Framework for Community Violence Reduction¹⁴ that is holistic and collaborative and focused on five areas of concern:
 1. Prevention
 2. Intervention and Support
 3. Enforcement
 4. Partnership and Advocacy
 5. Community Accountability
- The Dayton Police Department has overseen an initiative to remove illegal guns from its streets, which was an effort started in 2020 in response to a spike in gun-related crimes.¹⁵
- Mayors across the state, including in Toledo and Columbus, are using ARP funds to shore up their budget proposals for 2022 and move ahead with pandemic-delayed hiring of new police officers and firefighters in their cities.
- The city of and Youngstown¹⁶ is using ARP funds to purchase body-worn cameras for all of its police officers, as well as non-lethal tasers and the data storage capability for camera footage.
- Mayors in Columbus,¹⁷ Cincinnati,¹⁸ and Toledo, for example, are using ARP dollars to expand and enhance programming and recreational options for youth as a strategy to prevent violence and better engage young people across their cities.

Infrastructure

It's no secret that Ohio cities' bones - water lines, sewer systems, roads, bridges, and other structures that make up city infrastructure - have long been in need of myriad expensive repairs and upgrades. Ohio mayors across the state are using ARP funds to fill some of those needs and begin work on necessary infrastructure plans.

In 2021, Ohio Mayors Alliance members proposed allocating ARP dollars to spearhead infrastructure investments in sewer, water line, and road projects totalling over \$89 million.

Following the passage of the federal bipartisan Infrastructure Investment and Jobs Act, which was signed into law on November 15, 2021, we expect to see additional investments in infrastructure at both the state and local government levels. Cities now have an unprecedented opportunity to leverage both ARP and infrastructure bill money to ensure that our infrastructure is safe, secure, and will serve us well in the future.

Some examples of proposed infrastructure projects:

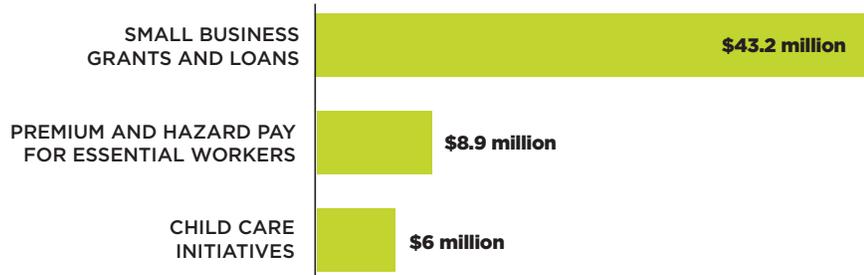
- The City of Beavercreek is proposing to spend \$4.6 million of its ARP funds to begin work on some of the city's many stormwater, roads, and sewer projects. This work, while significant, is only a small chunk of the almost \$200 million list of infrastructure needs in Beavercreek.¹⁹
- The Cities of Akron²⁰ and Toledo²¹ are proposing to spend a collective \$18 million to replace lead water lines within city limits.
- Cleveland suburbs Cleveland Heights²² and Lakewood²³ are proposing to spend a collective \$43 million to upgrade their cities' sewer systems and water lines.



Business Recovery and Worker Support

Businesses, and small businesses in particular, have faced closures, restrictions, changing mask mandates and recommendations, and multiple changes in the ways they operate and serve customers over the past two years. Workers have had to adjust to totally different ways of working and interacting with colleagues, customers, clients, and partners. Acknowledging the extreme difficulties businesses have faced over the past two years and will continue to face, many Ohio cities are dedicating ARP funds to helping local businesses recover.

In 2021, Ohio Mayors Alliance cities proposed over \$58 million in business recovery and worker support funds.



In Lorain, for example, barbershop owner Gilberto Quiñones described for *The Morning Journal*²⁴ how early in the pandemic in 2020, his shop was initially closed, then reopened with limited capacity, and how this made paying all of his bills impossible. A request for just \$10,000, which was granted by Lorain City Council, made it possible for Quiñones to stay open and offer free haircuts to children returning to school in 2021.

Child care both supports workers and is a crucial early childhood development opportunity. High quality early childhood education is deeply connected to better academic outcomes, lower crime rates, and safer and more economically successful communities later in life. Therefore, although child care is placed as a “worker support” expenditure here, it is more, and the money invested in it will provide benefits for cities for years to come.

Columbus Mayor Andrew Ginther, for example, has proposed \$3.5 million in funding for child care initiatives, which include both assistance for child care providers as well as families who struggle to pay the costs of child care. Columbus’ funding includes signing bonuses and marketing campaign support for providers, as well as a scholarship program that targets small business owners and working-class and woman-led families.²⁵



Conclusion

As the figures and proposals cited in this document demonstrate, Ohio cities are carefully weighing the impact of their local ARP funds and primarily spending them slowly and with deliberation. Of note, many of the figures cited above are proposals made by mayors at the time of publication and are subject to being altered and updated as cities take into account community and council input. They are meant to provide a snapshot of where cities stand at the end of 2021, not to provide an overall picture of how cities will spend the remainder of the ARP funds in 2022 and beyond. As we enter 2022, we expect much more information on how our mayors are prioritizing their cities’ needs and recoveries, particularly in cities with newly-elected mayors. We are dedicated to ensuring that we update and share information in future versions of this report.

Endnotes

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