


MEMORANDUM

TO: Honorable Chairman and Members of the Board of County Commissioners

FROM: Kate Newman, Acting County Manager 

RE: American Rescue Plan Act Support of 2023 General Fund Shortfall

DATE: December 6, 2022

Staff Recommendation:

WHEREAS, on March 11, 2021, the United States Congress adopted the American Rescue Plan Act of 2021, Pub. L. No. 117-2, H.R. 1319, 117th Cong. (“ARPA”), a \$1.9 trillion stimulus fund of which \$130 billion was established for a Coronavirus Local Fiscal Recovery Fund, including approximately \$65 billion for payment to counties: and

WHEREAS, Jefferson County has been awarded \$113.2 million in ARPA funds from the United States Department of Treasury; and

WHEREAS, the use of American Rescue Plan Act dollars to cover a budget shortfall in the county’s general fund has been determined by the County to be allowable under ARPA and has received all required preliminary County approvals; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of County Commissioners approves the use of ARPA funds to support the General Fund budgeted shortfall of \$13.9M in 2023.

Resolution No. CC22-315**Background:**

Jefferson county has been facing financial challenges for the past few years and those challenges continue. These challenges largely stem from the continuing gap between allowed revenue growth and the increasing costs to provide services. The Taxpayer’s Bill of Rights (TABOR) sets limits on both property tax revenue and total revenue growth from one year to the next. The calculation of this revenue limit formula was significantly impacted in 2020 when the county received approximately \$14.5M less revenue than anticipated due to the economic shutdown related to the COVID-19 pandemic. This lower revenue level resulted in what is known as a “ratchet down” effect to the TABOR revenue limit calculation, meaning the amount of revenue the county can retain and spend is now much lower. This in turn has placed a greater reliance on the General Fund reserves to cover the revenue gap..

Because the continued use of those General Fund reserves is not sustainable, the county made spending reductions within the General Fund to slow the rate of spending and balance the county’s budget – totaling \$16.1 million in 2020 and approximately \$8.7 million in 2021. With more spending cuts, the county will be unable to maintain existing service levels or keep up with the growing demands from our increasing population.

The General Fund receives most of its revenue from property taxes, user fees, and federal and state grants. These dollars are used to meet the county’s statutory requirement to provide fund

and support social services, the District Attorney, public health, the Sheriff's Office and county jail, elections, motor vehicle, county roads and bridges, land use, planning and zoning, property assessment and tax collection, licenses and permits, and vital records, such as death certifications and autopsies.

In 2020, the \$16.2M in General Fund reductions were in areas such reduced staffing for the sheriff, reduction in district attorney staffing in the areas of elder abuse, crimes against children and investigation and diversion units, reduction in a variety of staff to part time, hiring staff at lower salaries and not filling many vacancies, centralizing the management of county fleet vehicles, reducing technology services, and reducing funding for social services and road and bridge.

In 2021, the \$8.7M in reductions came from implementing a four-day business week, increasing the number of staff teleworking, reducing staffing, not filling many positions, deferring more road and bridge and facilities projects, reducing janitorial and other services contracts, and continuing many reductions made in 2020.

Despite these spending reductions, funding for public safety, such as the Sheriff, District Attorney, and Coroner, remains a top priority for the county and continues to receive the most funding.

As work began on the 2023 budget, the county faced the possibility of additional spending reductions. During the budget development process, the estimated General Fund revenue shortfall of approximately \$13.9M was identified. However, to avoid additional impacts to service levels, the county has authorized the use of federal funds from the American Rescue Plan Act in the 2023 proposed budget to help bridge the General Fund revenue gap.

The American Rescue Plan Act (ARPA) was passed on March 11, 2021, by the United States Congress and was put in place to help governments recover from the COVID-19 pandemic. Unfortunately, ARPA dollars are one-time in nature and the use of this funding to cover the 2023 General Fund revenue shortfall does not provide a long-term solution. However, use of these dollars does temporarily bridge the gap while the search for a long-term financial solution continues.

The 2023 Proposed Budget was adopted by the Board of County Commissioners on November 15, 2022.

Fiscal Impact: Funding for the 2023 General Fund shortfall via the American Rescue Plan. This request does not increase the budget but identifies spending within the appropriated ARPA funding.

Originator: Mary O'Neil, Director of Federal Grants, Strategy, Innovation and Finance x8570

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BCC HEARING ROUTING FORM (non-purchasing items)

Contacts: Originating Division and Contact: Mary O'Neil Phone:
 County Attorney Contact: Patrick Mayne Phone:

Agenda Placement: Consent

Item Title: ARPA General Fund Support

ROUTING					
O R D E R	Division	Authorized Signatures Name/Initials	Date Rec'd	Date Frw'd	Comments
()	Originator	Mary O'Neil			See attached email
()	Division Director				
()	County Attorney	Patrick Mayne			See attached email
()	Department Director	Stephanie Corbo			See attached email
()	Budget				
()	Elected Official				
()	BCC Agenda Coordinator	JCM			