

# **Bloomberg Federal Assistance e311 Content Workshop:**

# **Strategies for Using ARP Funds to Boost Municipal Capacity**

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# Upcoming Content Workshops

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**We invite you to attend our upcoming Content Workshops:**

- **July 14, 2022: Navigating Federal Grants: Building Capacity, Writing Skills, & Strategies for Municipalities** – Our e311 experts will provide information, strategies, and insights for the grant writing process and help participants navigate funding sources.
- **July 21, 2022: Preventing Fraud, Waste, and Abuse** – Our e311 experts will provide information, strategies, and insights for municipalities to navigate preventing fraud, waste, and abuse in their communities.
- **August 11, 2022: Project and Expenditure Reporting** – Our e311 experts will provide information, strategies, and insights on project and expenditure reporting for municipalities.

# e311 Boost Municipal Capacity Workshop Experts

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# Setting the Stage

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- Recruiting and retaining high-quality talent and maintaining adequate staffing levels have been long-standing challenges for local governments
- The COVID-19 pandemic exacerbated these challenges, which have risen to crisis level in many areas as budgets have been stressed and workforce competition has increased
- The American Rescue Plan Act's Coronavirus State and Local Fiscal Recovery Funds program provided funding streams to restore and grow public sector capacity in a number of ways

This workshop grew out of “Office Hour” conversations between a City and an e311 Program Expert Partner and is further informed by several questions and answers contained in the e311 Hub.

**For more information, visit:**

<https://bloombergcities.jhu.edu/program/e311>

# Workshop Goals

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- ✓ Explain options for restoring past positions, establishing new capacity, offsetting pandemic staffing costs, and recruiting and retaining talented employees
- ✓ Explain program design and compliance considerations
- ✓ Suggest strategies to address short- and long-term budget impacts
- ✓ Showcase specific examples of successful city projects
- ✓ Discuss high-level forces impacting hiring and highlight leading HR practices
- ✓ Ensure that participants are aware of the resources available on this topic through the e311 Program

# Agenda

## Overview of CSLFRF Funding for Municipal Hiring

Municipal Hiring Strategies

Worker Retention Strategies

Case Study

Compliance Good Practices

Budget Good Practices

Global Forces Impacting People Agenda

Translating Macro Impacts to Leading Practices

Q&A and Conclusion

# Overview of CSLFRF Funding for Municipal Hiring

Under the U.S. Treasury's State and Local Fiscal Recovery Funds (CSLFRF) program, recipients are encouraged to utilize funds to respond to the negative public health and economic impacts of the COVID-19 pandemic and maintain vital public services. To provide these services, recipients can use funds to:



**Hire** new employees to expand public sector capacity, including grant management and administrative staff



**Restore** public sector capacity



**Retain** existing staff through various worker retention strategies

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# Municipal Hiring Strategies: Hire Grant Management Staff Options

| Three options for a city to hire a grant manager and their compliance considerations:   |   |   |
|---|---|---|
| <b>CSLFRF Grant Manager</b><br>Fully Funded with CSLFRF   | <b>CSLFRF and Non-CSLFRF Grants Manager</b><br>Fully Funded with CSLFRF   | <b>CSLFRF and Non-CSLFRF Grants Manager</b><br>Partially Funded with CSLFRF   |
| <ul style="list-style-type: none"><li>• CSLFRF Program Administration</li><li>• CSLFRF Program Implementation and/or Evaluation</li></ul> | <ul style="list-style-type: none"><li>• CSLFRF Program Implementation and/or Evaluation</li><li>• General Grant Management Responsibilities</li></ul> | <ul style="list-style-type: none"><li>• Time Dedicated to CSLFRF Program Administration</li><li>• Time Dedicated to CSLFRF Program Implementation and/or Evaluation</li></ul> |
| Potential Eligibility Under Final Rule Expenditure Categories:  |   |   |
| <b>7.1</b> Administrative Expenses<br><b>3.4</b> Public Sector Capacity: Effective Service Delivery                                       | <b>3.4</b> Public Sector Capacity: Effective Service Delivery<br><b>6.1</b> Provision of Government Services  | <b>7.1</b> Administrative Expenses<br><b>3.4</b> Public Sector Capacity: Effective Service Delivery   |

# Municipal Hiring Strategies: Hire Public Sector Staff

| Two program design options:  |  |
|--|--|
| <p>Restoration Option:<br/><b>Rehire Public Sector Staff into Pre-Pandemic Positions</b></p> <ul style="list-style-type: none"><li>Hire employees for the same positions that existed on January 27, 2020, but that were unfilled or eliminated as of March 3, 2021, without undergoing further analysis</li></ul> | <p>Enhancement Option:<br/><b>Hire Public Sector Staff Above a Calculated Pre-Pandemic Baseline</b></p> <ul style="list-style-type: none"><li>Conduct analysis to determine the number of FTEs that can be hired up to 7.5% above pre-pandemic employment baseline</li><li>Recipients do not need to hire for the same roles that existed pre-pandemic</li></ul> |
| Considerations:  |  |
| <ul style="list-style-type: none"><li>Cover payroll and covered benefits</li><li>Employment duration tied to period of performance</li></ul>   |  |

Recipients may choose between these two options but cannot use both.

## Potential Eligibility Under Final Rule Expenditure Categories:

3.2 Public Sector Workforce: Rehiring Public Sector Staff

# Municipal Hiring Strategies: COVID-19 Staff Expenses

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Payroll and covered benefits for public safety, public health, health care, human services, and similar employees of a recipient government, for the portion of the employee's time that is spent responding to COVID-19

- Eligible staff
- Portion of time spent on COVID-19 response
- Period of performance
- Ongoing assessment of determination of primarily dedicated staff

## 3.1 - Public Sector Workforce:

Payroll and Benefits for Public Health, Public Safety, or Human Services Workers



# Municipal Hiring Strategies: Effective Service Delivery

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Improve the design and efficacy of public health or economic relief programs funded with CSLFRF or other funding sources

- Capacity building by hiring public sector staff and others to support the implementation of CSLFRF programs and programs responding to impact of COVID-19
- Program evaluation and evidence-based interventions resources

## 3.4 - Public Sector Capacity: Effective Service Delivery



Funding under this eligibility is not restricted to staffing and can be used for tools that promote efficient and effective service delivery, including development of tools and deployment of software.

# Municipal Hiring Strategies: Effective Service Delivery

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- Data gathering, infrastructure, management, sharing, transparency, and other data analysis resources to support the implementation of CSLFRF programs and programs responding to the impact of COVID-19
- Technology infrastructure resources to improve delivery of programs and services
- Community outreach and engagement resources

## 3.4 - Public Sector Capacity: Effective Service Delivery



- Address administrative needs of recipient governments that were caused or exacerbated by the pandemic

## 3.5 - Public Sector Capacity: Administrative Needs



# Municipal Hiring Strategies: General Payroll and Benefits/Revenue Loss

Utilize the lost revenue provision to cover payroll and covered benefits for any government position

- Funding commitments under 6.1 not to exceed standard allowance or calculated lost revenue election amount
- Funding may not be used for extraordinary pension contributions, payment of judgements, or contributions to a rainy-day fund

## 6.1 - Provision of Government Services



Because the Final Rule places very few limits on the definition of government services, recipients with funds available under the lost revenue eligibility have broad latitude to use these funds for municipal hiring, separate from the eligibility considerations discussed under Expenditure Category 3.

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# Worker Retention Strategies: Provide Premium Pay to Staff

Provide premium pay to eligible workers performing essential work during the pandemic

- Eligible worker performing essential work – Any work performed by an employee of a state, local, or tribal government
- Premium pay responds to workers performing essential work during the COVID-19 pandemic
- Not to exceed premium pay thresholds of \$13/hour or \$25,000 per employee for the entire period of performance

## 4.1 - Premium Pay: Public Sector Employees



Many recipients initially used premium pay as an immediate pandemic response activity but have considered shifting to more strategic or targeted retention or recruitment bonuses as they have moved to a long-term recovery effort.

# Worker Retention Strategies: Offer Retention Incentives to Retain Staff

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**Provide worker retention incentives designed to persuade employees to remain with the employer**

- Documented assessment of retention need
- Retention incentives not to exceed traditional incentives or compensation that alternative employers may offer
- Retention incentives must be additive
- Retention incentives that are less than 25% of the rate of base pay for an individual employee or 10% for a group/category of employees are reasonably proportional to the need to retain employees

## 3.3 - Public Sector Workforce: Other



# Worker Retention Strategies: Address Pay Reductions

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## Avoiding Layoffs

- Documented assessment that layoffs were likely in the absence of CSLFRF funds
- Documented nexus between COVID-19 and challenges maintaining compensation levels

## Provide Funding to Employees who Experienced Pay Cuts and Furloughs

- Able to award funds to employees who experienced these outcomes since onset of the pandemic on January 27, 2020
- Documented assessment of nexus between pay cut/furlough and COVID-19
- Award amount must be proportional to the economic impact of pay cut or furlough

### 3.3 - Public Sector Workforce: Other



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# Case Study – Supporting the Howard County Workforce

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**Howard County, Maryland has allocated a significant portion of its \$63.2 million in CSLFRF funding to supporting critical workers throughout the County**

- Careful project prioritization with input from internal stakeholders and frequent reevaluation
- Extensive public engagement process to determine community needs
- Coordination and reallocation of CSLFRF projects with other funding sources such as CARES Act, IIJA, ESSER, state/local funding



# Case Study – Supporting the Howard County Workforce

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## Direct Workforce Support Projects:

- Premium Pay for Front-Line County Employees - \$5.1m
- Educator Commitment Bonuses - \$8m
- School Bus Driver Retention Incentives - \$2m
- Hospital Critical Staffing Needs - \$2m

*“(S)pend those funds wisely, to build a future around working people, who make up the communities you run. Put these funds to work to keep people on the job, connect people with better jobs, and providing retention bonuses for teachers and bus drivers, like Howard County, Maryland did.”*

- President Joe Biden,  
February 15, 2022

# Case Study – Supporting the Howard County Workforce

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## General Workforce Projects\*:

- Child Care Worker Training
- Supply Chain / CDL Training
- Health Care / CNA Training

*\*Joint projects with the Howard County Office of Workforce Development, which is also a subrecipient of CSLFRF funding from the state*

Howard County has built a robust compliance infrastructure to manage federal fiscal recovery funds.

This effort was been recognized with the **2022 Achievement Award in Financial Management** for *Process/Engagement/Transparency for American Rescue Plan Act Funding* from the National Association of Counties.

# Case Study – Supporting the Howard County Workforce

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## Takeaways:

- Howard County began by addressing immediate response needs (front line workers) and then progressed to recovery needs (education, health care)
- County CSLFRF funds were used to leverage financial commitments from other sources or were paired with other funding streams in order to maximize impact
- Moving toward long-term recovery, focus has shifted to identified needs in the larger community – planned workforce training programs in areas including childcare, commercial driver, and healthcare will benefit both public and private sector employers as well as employees

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# Compliance Good Practices

## Program Administration and Management



- ✓ Establish portfolio/program management services, including funding oversight, grant monitoring, and external/internal reporting
- ✓ Develop strategies and plans to leverage and maximize various federal funding opportunities
- ✓ Identify financial and programmatic data tracking mechanisms for required U.S. Treasury Reporting
- ✓ Perform program-specific and Uniform Guidance (2 CFR Part 200) compliance activities

# Compliance Good Practices

## Program Design and Implementation



- ✓ Identify scope of position and programmatic needs to ensure eligibility, compliance, and overall alignment with the rules and regulations of federal funding streams
- ✓ Identify allowable activities for CSLFRF-funded personnel based on the selected expenditure category
- ✓ Create payroll tracking codes to allow CSLFRF-funded positions to easily track and report time
- ✓ Consider establishing contracted/grant-term funded roles within the organization to reduce funding risks beyond the period of performance

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# Budget Good Practices

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**Priority-Based Budgeting:** Positions funded with understanding that they will be shifted to other funding sources but will be permanent because they align with community priorities



**Temporary Positions:** Positions intended to be short-term and will terminate with the end of the CSLFRF period of performance (or sooner). May be contract positions



**Attrition Planning:** Forecast positions subject to natural attrition, such as anticipated retirements and expected turnover



# Budget Good Practices

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**Graduated Budget Impact:** Utilize CSLFRF funds to pay for the full cost of an employee's salary at the beginning of the period of performance and reduce the grant share as the grant term continues



**Self Funding Positions:** Some positions may be revenue-neutral or may help realize savings, such as grants, economic development, or audit positions. Tracking this savings and applying it to offset salary may be a challenge

Recipients must use caution when adding positions (and when taking action that impacts compensation) to ensure compliance with applicable civil service regulations, personnel ordinances, and labor agreements. This consideration is particularly applicable when adding temporary or contract positions.

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# Macro, Global Trends on the Heels of the Pandemic are Shaping the Future of Work and Accelerating the Need to Reimagine...

Inflation/  
Geopolitical Risks



5-11%

Strong wage growth forecasted in 2022 by Oxford Economics ranging from 5% in Germany to 6.8% in China to 8.9% in the US and 11.4% in India, creating intense cost pressures (Oxford Economics)

Open Roles/Skill  
Challenges



69%

Employers globally reporting difficulty in filling roles (per Manpower) up from 31% in 2010, at a record high level. The US has 11.3m in unfilled jobs currently. (ManpowerGroup)

Retiring Boomers/  
5 Gen Teams



10k+

US baby boomers per day turning age 65 with retirements and need to replace talent with different expectations in Millennials and Generation Z. (AARP)

Technology  
Expansion



270m

MS teams/month 2022 Explosive growth in digital collaboration creating new virtual working environments and creating additional technology and cyber security considerations. (Microsoft)

ESG Taking  
Shape



85%

ESG (Environment, Sustainability, Governance) becoming codified in organizational goals and creates pressures on emerging skillsets to achieve organizational ESG objectives.

# EY’s 2022 Work Reimagined Survey Continues the Research Performed on Reimagining Work and Understanding Employee/Employer Perspectives

August 2020

## Physical Return and Work Reimagined (WR) Study 2020



**3,682** employee and **709** employer sample size

**3** countries surveyed

Key headline: Six major “resets” in key areas of the work experience

April 2021

## WR Employee Survey 2021



**16,264** employee sample size

**16** countries surveyed

Key headline: Flexibility is the new normal, the great resignation is coming

September 2021

## WR Employer Survey 2021



**1,083** employer sample size

**9** countries surveyed

Key headline: Business suffering “commitment issues” on flexible working

April 2022 +

## WR 2022 Survey



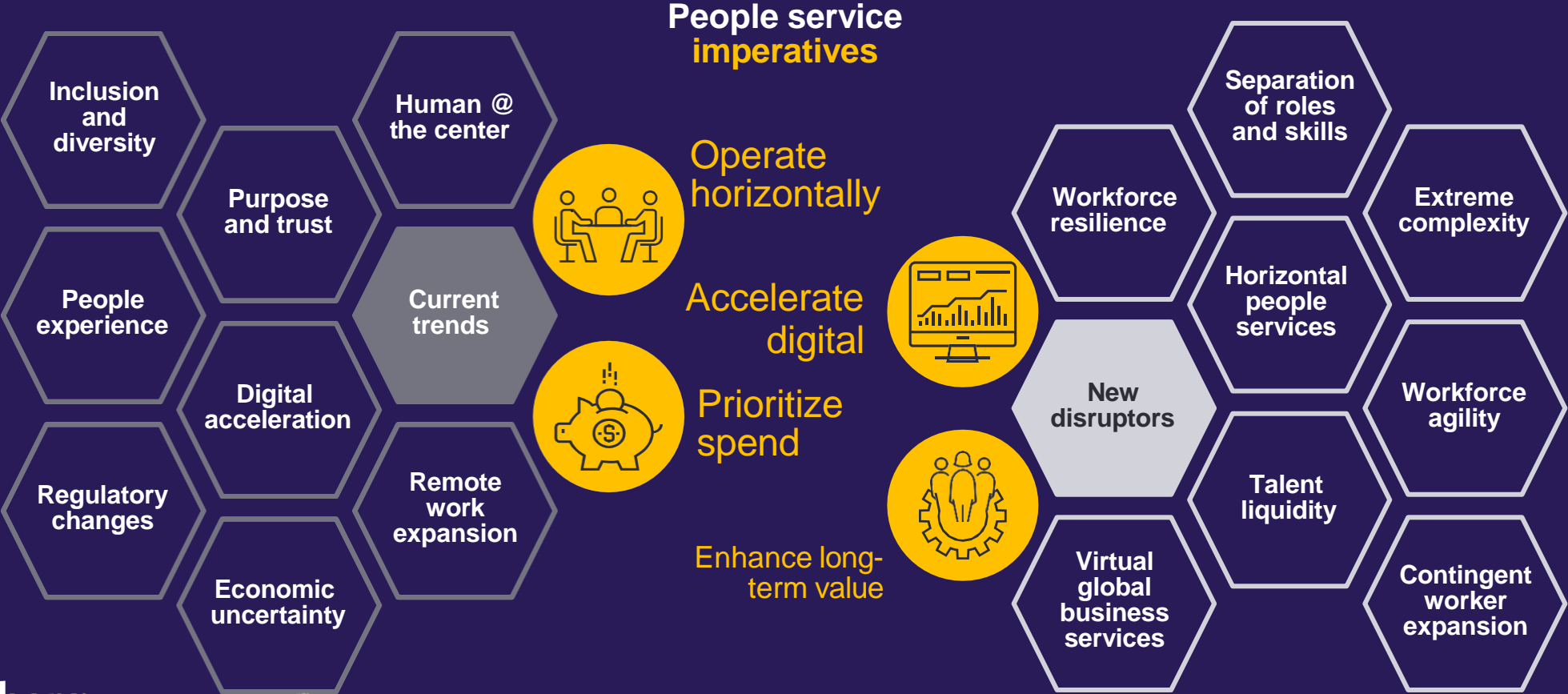
**17,101** employee and **1,575** employer sample size

**22** countries surveyed

Continued research on work reimagined + evolving themes on talent “fluidity” and sustainability

# Trends Shaping the Future of the People Experience and Function

Recent events have disrupted how organizations approach their people agenda. Some of these trends are not new and others are truly disruptive to the traditional work delivered by HR teams around the world. The magnitude and speed of this impact have brought the future of the people function to life overnight.



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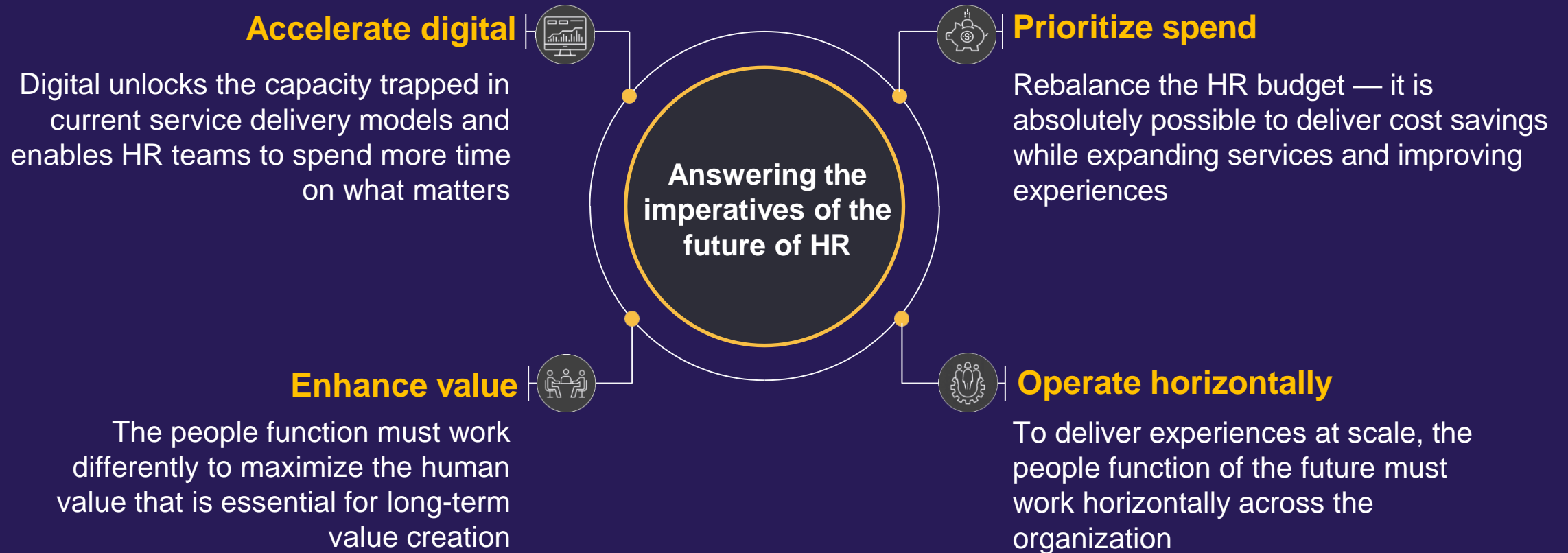
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# The Future of HR is Met by Answering Four Imperatives at the Heart of Issues and Trends



# Going Horizontal is Changing What the People Function Does and What Matters

|  <b>Traditional HR services</b> |  <b>Workforce vitality engineers</b> |  <b>Organization and workforce strategists</b> |  <b>Performance architects</b> |  <b>Experience amplifiers</b> |  <b>People enablement technicians</b> |
|--|---|---|---|--|--|
| HR operations and administration   | Health and safety   | Org. design and talent planning   | Succession readiness  | Purpose and trust  | People development   |
| Talent acquisition   | Workforce resilience and flexibility  | Digital and human mix   | Career paths and scaffolding  | Culture  | Executive development  |
| Compensation   | Physical wellbeing  | Strategic workforce planning  | Job architecture and career framework   | Experience ROI   | Upskilling @ scale   |
| Benefits   | Emotional and social wellbeing  | People analytics  | Comp. advisory and agile pay  | Engagement   | Digital innovation   |
| Mobility   | Financial wellbeing   | Crisis management and workforce actions   | Employee and labor relations  | Listening  | Digital strategy and tools   |
| Payroll  | People spend ROI  | Talent trading and brokering  | Perf. mgmt. and growth feedback   | Change-as-a-service (CaaS)   | Experience design  |
| HR portfolio management  | Inclusion and diversity   | Contingent workforce management   | Recognition   | Leadership   | Digital enablement   |
| Risk and compliance services   |   |   |   | Innovation @ work  |  |

>80%

Time and budget; on vertical services that are largely administrative and operational in nature (and the function gets almost no credit for doing well)

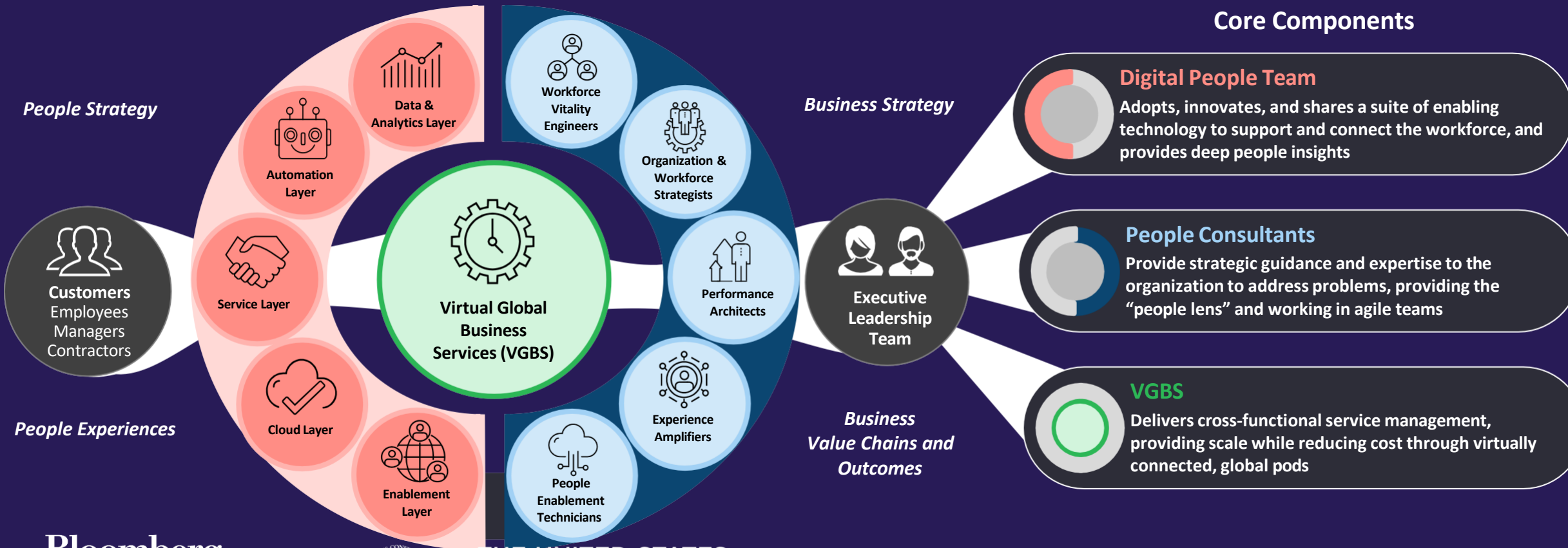
<20%

Time and budget; on horizontal people services that are most important to experience and long-term value

# The People Value Chain: An Operating Model, Answering the Imperatives Affecting the Future of HR

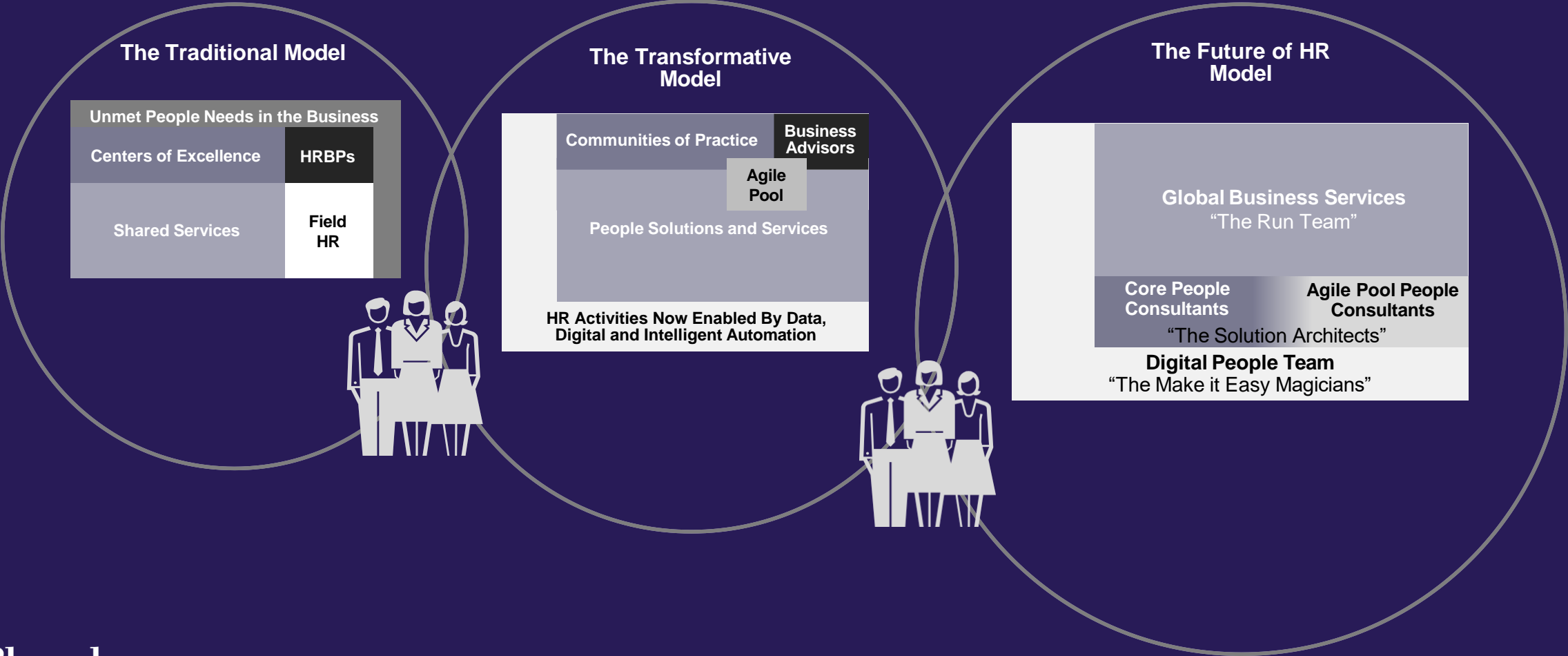
The HR function must rebalance its priorities as it makes the most of a “new normal” — and rethink its operating model to reflect this

People Value Chain Model



# The Ability to Connect in a Virtual World Forces Organizations to Shift the Way We Deliver HR Services

*How do we reimagine the service delivery model to meet the expanding needs of our people taking into consideration organization spend?*



# People Consultants Bring the Best Capabilities and Skillsets from HRBPs and COEs into One Cross-Functional Advisor

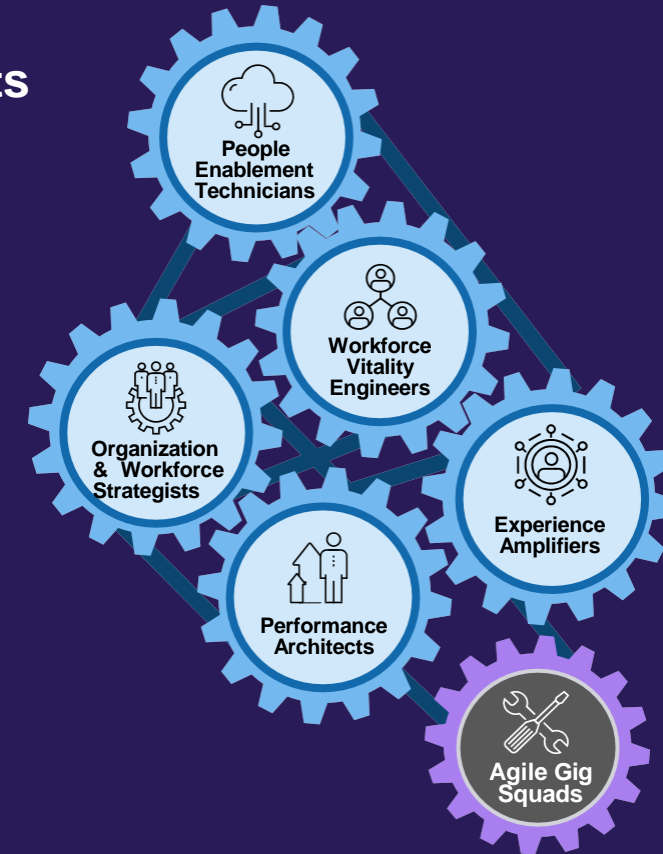
## HR Business Partners

- ▶ Intimately understands the organization and its people
- ▶ Drives the people strategy for the organization
- ▶ Coordinates and connects within HR and other functions
- ▶ Act as advisors who are able to deconstruct organizational problems and identify the right people and capabilities required to resolve issue

## Centers of Excellence

- ▶ Acts as product owners to enhance existing services and introduce new ones
- ▶ Provides subject matter expertise in their domain and architects solutions
- ▶ Understands, intimately, the factors that drive and destroy business performance
- ▶ Solves complex organization and workforce challenges by collaborating across functions

## People Consultants



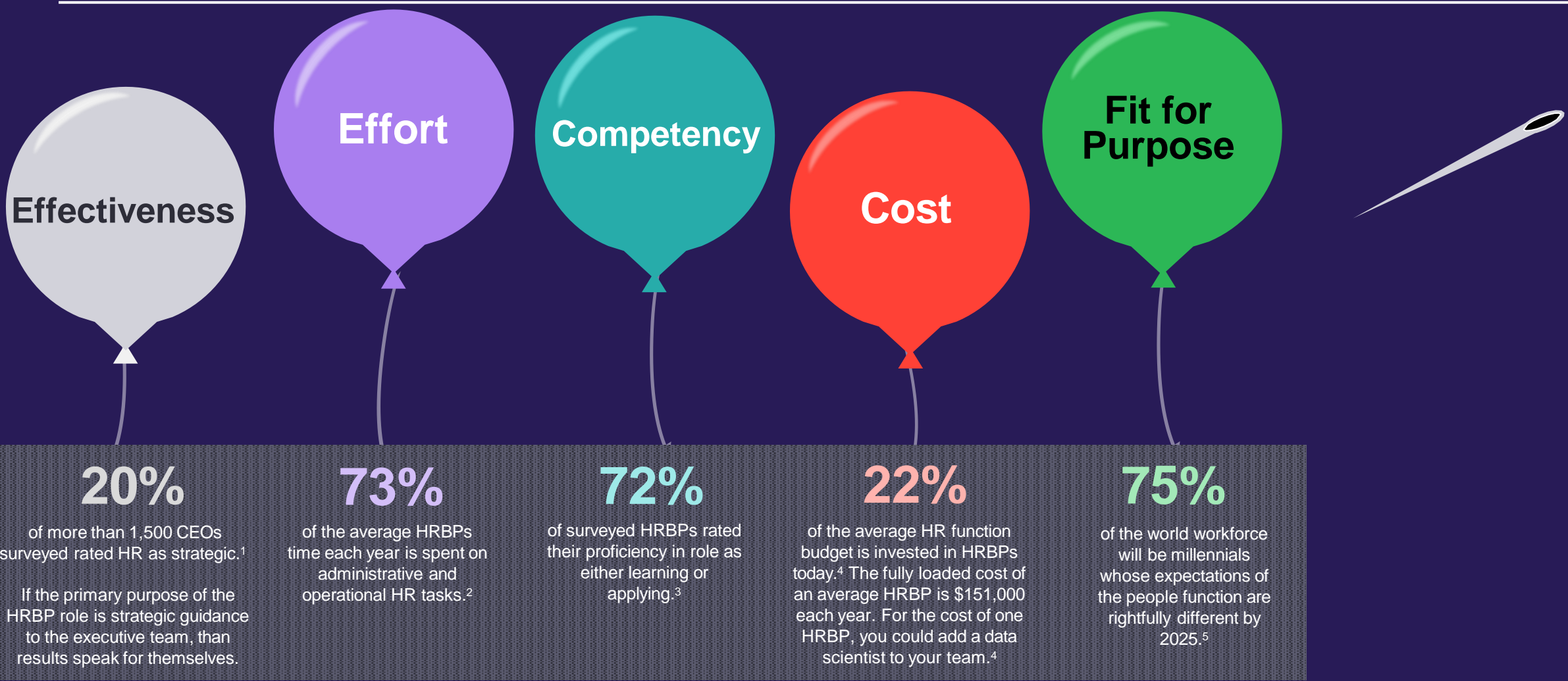
Administrative  
and  
operational  
tasks  
completed by  
HRBPs today



Administrative  
and  
operational  
tasks  
completed by  
COEs today



# HRBP: While the Business Partner Model Made Significant Contributions to the HR Function Over the Past 25 Years, NOW is the Time to Evolve



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# Q&A

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