COVID-19 Adaptation & Recovery: Strategies for Leveraging Local Revenue, Federal Grants & Cost Containment

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With you today

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Three keys to fiscal recovery and resilient success in a post-pandemic environment

Recovery Planning & Response
- Strategic decision analysis
- Vulnerability identification and response prioritization
- Action plan development and agency coordination

Resilient Success
Agile
Balanced
Tangible

Cost Containment & Efficiency
- Review of core cost drivers
- Improved operational/process efficiencies
- Enhanced funding utilization

Funding Plans & Grant Management
- Identification of available funding
- Funding application support
- Grant compliance management
Counties should apply each of these keys to recovery in the immediate, near-term, and long-term following COVID-19.

**PHASE 0 CRISIS MANAGEMENT**

- How do we sustain essential services in our community and minimize impact on businesses and communities?

**PHASE 1 RESPONSE**

- How do we open businesses and provide services and adapt to COVID-19?

**PHASE 2 STABILIZATION**

- What support do businesses and communities need to recover from losses?

**PHASE 3 RESILIENCY**

- How can we plan for the future and grow our community’s economy under the new reality?

While the immediate focus has been mitigating and responding to the COVID-19 emergency health crisis, counties must look ahead to future planning under a ‘new normal,’ even while COVID-19 containment remains uncertain. Counties should gather lessons learned and look for innovative ways to adapt and grow their local economies.
This phased approach to recovery planning, cost containment, and funding management can maximize service delivery and fiscal sustainability.

### Phase 1: RESPONSE
- Identify levers, engines, and opportunities that provide economic multiplier and ripple effects in local economies
- Develop long-term strategic plan and align available funding to specific planned needs, goals, and timelines
- Immediate containment measures to address existing budgetary pressures, fiscal deficits and cash infusions

### Phase 2: STABILIZATION
- Design customized, local strategies to support recovery
- Implement a prioritization process to maximize impact
- Design initiatives to meet immediate and long-term needs and unknowns. Design initiatives using a holistic budget and community needs approach
- Assess mid-term opportunities across staffing, purchasing, processes, projects, assets, and funding (such as overtime usage, process automation, and project prioritization)

### Phase 3: RESILIENCY
- Support recovery activities with a structured framework of continuous improvement, governance, and proactive impact analysis
- Execute a grants management plan to coordinate funding use and assure performance and compliance
- Implement dynamic tools to maximize resources against changing workloads & constraints (e.g. targeted spend analytics, customer experience review & solution development)
### The Response Phase: How do we adapt to COVID-19?

**Recovery Planning & Response**
- Identify levers, engines and enablers that assist in the translation of visions to strategy in support of desired outcomes
  - **Levers** – proactive programs, actions & initiatives that counties can deploy or influence
  - **Engines** – discrete focus areas that provide economic multiplier and ripple effects in local economies
  - **Enablers** – foundational capabilities to support quick, impactful responses
- Opportunities are run through a rigorous prioritization process to identify maximum impact
  - Brings structure and clarity to a diverse and dynamic portfolio of ideas to support counties’ recovery

**Funding & Grants Management**
- Multiple federal funding sources for COVID-19 response, adaptation, and recovery present both challenges and opportunities
  - Develop a **strategic plan** based on available funding purposes, limitations, and capacity of coordinated use
  - Align available funding to specific planned needs, goals, and execution timelines
  - Also consider the duration of funding availability, ease and flexibility of use, payment rules (front-end or reimbursement), and degree of leverage and fungibility

**Cost Containment**
- Immediate containment measures should focus on cash, community, cost, and capital (e.g., halt procurement of new contracts and planned capital projects)
  - Immediate changes to staffing, employee benefits, flexible working policies, etc.
  - Halt on procurement of new contracts, projects, etc. that are deemed non-essential
  - Identify supply chain risks
  - Halt on new or planned capital projects
  - Review funding appropriations criteria and challenge restrictions to maximize and protect funding

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**Phase 1: Response**

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Deploying a recovery planning and response framework can help counties identify and accelerate their recovery strategies from the start.
Counties should take measures to identify available funding sources and determine how these align with their strategic priorities.

Despite the breadth and depth of funding sources available for COVID-19 emergency response, counties must determine which resources to use and the appropriate use of these resources.

With multiple federal funding sources for COVID-19 response, adaptation, and recovery, counties should:

- Develop a strategic plan based on available funding purposes, limitations, and capacity of coordinated use.
- Align available funding to specific planned needs, goals, and execution timelines.
- Consider the duration of funding availability, ease and flexibility of use, payment rules, and degree of leverage.
Cost containment opportunities can be found across 7 levers to resolve strategic misalignment and operational and financial inefficiencies.

1. Define
   - Right-sizing spans of control, re-thinking workforce mix, demand-based hire strategies, eliminating vacancies, workload reallocation, and schedule optimization to reduce overtime and headcount.

2. Diagnose
   - Maximized COVID-19 funding sources, fund balance accumulation and revenue/fund utilization analysis, challenging of perceived or interpreted “restricted” amounts to find flexibilities to allow for repurposing or release into alternative budget sources.
   - Building and property consolidation and liquidation, alternative revenue generation opportunity analysis, strategies to monetize public infrastructure to create revenue streams, and increase bandwidth for remote working.
   - Reduced or delayed consumption and ordering, consolidating and re-competing bulk volumes, renegotiating with potentially fewer suppliers, and tightening controls on new requisitions, contracts, and payments.
   - Lean/six-sigma, screening and optimizing incoming demand, and quickly-deployable “low-code” tools to automate or virtualize work and the constituent/client experience, such as call or chat bots, self-service, and already-owned platforms.
   - Financial and organizational capacity-based project rationalization, consolidation, and streamlining, feasibility studies and business case development, value-for-money analysis, alternative delivery analysis, risk assessment
   - Strategic alignment through KPI definition and refresh, data management and analysis, and programmatic improvement and accountability.
The Stabilization Phase: What support do constituents and businesses need to recover from their losses?

**Recovery Planning & Response**
- Design customized, local strategies to support recovery
  - Identify & target areas of greatest impact
  - Develop plans that build trust across impacted stakeholders to encourage collaboration
  - Identify process & policy changes that boost economic activity
  - Evaluate & design new tax incentives (credits, exemptions & deductions) to fuel job creation, attract new business and strengthen economy
  - Monitor fiscal impacts of social distancing policies during the stages of economic recovery
  - Assess economic impacts of proposed changes to tax or spending policies
  - Prioritize stalled economic development activities in a post-COVID environment
  - Provide tools to analyze ROI impacts of proposed changes

**Funding & Grants Management**
- Design initiatives to meet immediate and long-term needs and unknowns. Design initiatives using a holistic budget and community needs approach
  - Design initiatives to meet immediate response and recovery needs, while enabling adaptation to unknown pandemic realities ahead
  - Identify where COVID-19 funding can offset depleted general budget funds by directing existing budgeted items and programs towards eligible COVID-19 aims
  - As feasible, leverage COVID-19 funding with other public-private funding
  - Understand the range of beneficiaries and types of assistance available with each aligned funding source

**Cost Containment**
- Assesses mid-term opportunities across staffing, purchasing, processes, projects, assets, and funding
  - Analyze staffing, overtime patterns, and spans/layers to unlock budgetary capacity and liquidity
  - Reassess purchasing criteria to add further scrutiny to procurement processes
  - Automate workflows to reduce manual tasks, and streamline internal processes
  - Update project prioritization criteria & methodology to make better decisions and pick the “right” set of projects
  - Use analytical modeling to identify largest contributors to identify revenue leakage and needed remediation steps

**Phase 2: Stabilization**
Counties should develop program strategies and a roadmap to stabilize their economies.

**Evaluate & Develop Strategies**

*Design customized, local strategies to support recovery*

- Identify & target areas of greatest impact
- Develop plans that build trust across impacted stakeholders to encourage collaboration
- Identify process & policy changes that boost economic activity
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**Recovery Roadmap**

*Provides direction based on an assessment and prioritization of possible programs and strategies*

- Assess the economic impact on counties and communities
- Analysis of unemployment impact, as well as additional social benefit programs
- Interpretation of benefits available through Federal programs counties, and identification of gaps
- Quantify the impact of tax revenue shortfalls
- Develop dynamic budget forecasts
- Identify supply chain impacts across local industry
- Estimate long term impacts of changing workforce dynamics (commercial real estate, gas tax, other commuter tax revenue streams, etc..)
The following principles help guide the funding and grants management landscape:

- Ensuring maximum reimbursement to the State, Local, Tribal or Territorial (SLTT) jurisdiction
- Coordination across multiple SLTT fiduciary agencies/departments
- Ensuring projects are right-fitted when multiple allowable funding streams are available
- Funding single projects with multiple funding streams
- Prioritizing response and preparedness projects
- Ensuring fiduciary responsibilities are adequate to prevent claw-back
Counties can leverage a broad range of initiatives in the near and long-terms to contain costs while improving performance.
The Resiliency Phase: How can we plan for the future and grow our community’s economy under a new reality?

**Recovery Planning & Response**
- Support resiliency programs with a focus on continuous improvement and impact analysis
  - Assist and develop localized communication plans to support launch activities (access to economic incentives)
  - Establish governance and protections in the administration of recovery programs to combat fraud, waste and abuse
  - Proactively track labor market actions, identifying opportunities for retraining and job match
  - Create and implement dashboards and simulation tools to assist leader analysis of economic recovery activities
  - Evaluate, measure and analyze impact data to inform strategy refinement to sustain and expedite recovery

**Funding & Grants Management**
- Institute a grants management plan that functions across funding silos to coordinate quality control, performance tracking, and regulatory compliance
  - Develop uniform application and other funding request templates and protocols
  - Monitor duplication of benefit and hierarchy rules when using multiple federal funding sources
  - Develop performance and fund use metrics to evaluate success, delays, and shortcomings
  - Use proactive analytics and communications to flag and address waste, fraud, and abuse

**Cost Containment**
- Implement dynamic tools to maximize resources against changing workloads & constraints
  - Use targeted spend analytics to modify consumption patterns and better leverage volume to realize additional value from purchasing / procurement
  - Customer experience review & solution development to reduce staff intervention needs and increase interaction value
  - Reassess strategic plans and facility / infrastructure capital needs
  - Deploy critical strategic projects
  - Implement capital planning measures to ensure investments are tied to asset needs
  - Revisit assets return potentials
  - Explore alternative funding sources and/or projects for alternative delivery, where appropriate

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**Phase 3: Resiliency**
As counties move towards resiliency, the focus is to ensure that targeted programs provide lasting benefit and impact.

**Launch Assistance & Impact Monitoring**

Support launch activities with a structured framework of continuous improvement, governance and proactive impact analysis:

- Assist and develop localized communication plans to support launch activities (access to economic incentives, access to CARES & Recovery funds, etc.)
- Establish governance and protections in the administration of recovery programs to combat fraud, waste and abuse
- Proactively track labor market actions, identifying opportunities for retraining and job match
- Create and implement dashboards and simulation tools to assist leader analysis of recovery activities
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**PHASE 3 RESILIENCY**

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Monitoring &amp; Prevention</th>
<th>Ability to prevent spread of disease, monitor communities via testing and contact tracing capabilities, and protect vulnerable populations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 2</td>
<td>Infrastructure</td>
<td>Ability of the health system can support the need and potential surge in cases</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Medicine</td>
<td>Availability of vaccines, drugs, and treatments</td>
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<tr>
<td></td>
<td>Operations</td>
<td>Ability of businesses to open safely and ensure compliance, such as PPE availability</td>
</tr>
<tr>
<td></td>
<td>Policy &amp; Regulation</td>
<td>Ability to change policies and reinstate measures quickly based on real-time data</td>
</tr>
<tr>
<td></td>
<td>Economics &amp; Finance</td>
<td>Ability to measure progress in economic and financial indicators</td>
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Clearly and concisely articulating changes in these metrics will lead to greater stakeholder confidence.
Instituting a funding and grants management strategy may identify, maximize, and protect value from inter-governmental funding sources.

**Grants Management Strategy Framework**

Institute a grants management plan that functions across funding silos to coordinate quality control, performance tracking, and regulatory compliance.

- Develop **uniform application** and other funding request templates and protocols
- **Monitor duplication of benefit** and hierarchy rules when using multiple federal funding sources
- Develop **performance and fund use metrics** to evaluate success, delays, and shortcomings
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**PHASE 3 RESILIENCY**

**Governance & Strategy**
Provide insight, direction, and structure to help shape response and recovery funding strategy and provide leadership throughout the implementation lifecycle

**Funding Pursuit & Oversight**
Confirm eligibilities; craft applications and other request forms; and design and execute portfolio and risk management tools and oversight processes

**Funding Use Coordination**
Guide and drive collaboration and coordination among agencies, departments, and other stakeholders

**Complementing Engagement Support**
Support organizational strategic aims with relevant policy, finance, infrastructure, and program management specialists to bolster fund management

**Compliance & Performance Communication**
Provide procedures, metrics, and regular communications relative to regulatory compliance needs, vendor and subgrantee oversight, and meeting performance aims

KPMG’s client tailored Funding Sourcing & Grants Management Solution is designed to provide that service from initial planning and fund pursuit through to grant close-out.
If cost containment is initiated correctly today significant benefits await within the resiliency phase.

- **$80+ million**
  - 2-year Cumulative Reduced Projected Justice Spending

- **$5+ million**
  - opportunity to improve FQHC services & performance

- **20x**
  - increase in access to full service partnerships

- **$8+ million**
  - Ongoing Reduction in Projected Purchasing & Contracting Spend

- **4,000+**
  - More Outpatient Services to Clients Weekly

- **$5+ million**
  - Pilot Improvements in Patrol Response Times

- **10%+**
  - reduction in jail staffing and overtime costs

- **50% of existing roles**
  - identified for lower cost delivery
This phased approach to recovery planning, cost containment, and funding management can maximize service delivery and fiscal sustainability.

**A PHASED APPROACH TO ACHIEVE RESILIENT SUCCESS**

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