

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: December 27, 2023
To: Maricela Nicholson, Chairwoman, Milwaukee County Board of Supervisors
From: Joe Lamers, Director, Office of Strategy, Budget & Performance
Subject: Informational Report on Unallocated or Unexpended ARPA Funds

REQUEST

This report is intended to provide an update on the Milwaukee County American Rescue Plan Act (ARPA) strategy for reallocating unallocated or unexpended funds in 2024, in response to Milwaukee County Board File 23-889.

POLICY

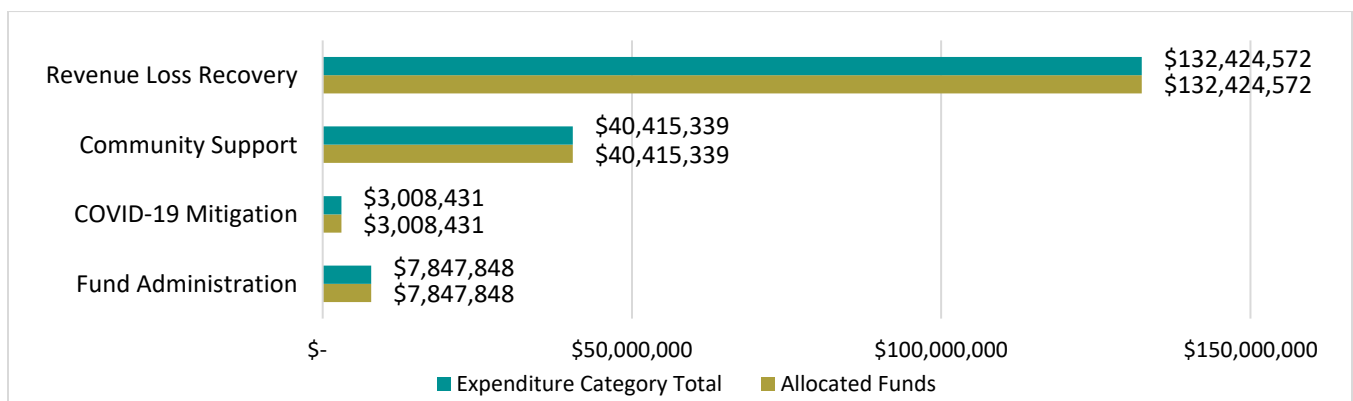
Per Milwaukee County Board file 23-889: “American Rescue Plan Act (ARPA) grant funding must be encumbered by the end of 2024. The Office of Strategy, Budget, and Performance will provide a report by the January 2024 meeting cycle recommending how unallocated or unexpended ARPA funds shall be expended to benefit the community. The recommendations shall have an equity focus and include, but not be limited to, projects such as affordable housing and collaborations with partners including legal resources for immigrant and other vulnerable populations accessing the court system”.

BACKGROUND

On September 2, 2021, the ARPA Task Force approved ARPA Expenditure Categories and a process for reviewing and recommending ARPA funding allocations. With the creation of the ARPA Task Force, Milwaukee County committed ARPA funds to meet the immediate recovery of residents and to further strategic efforts to invest in equity that advance upstream services, achieve fiscal sustainability, and dismantle barriers to diverse and inclusive communities.

Since that time ARPA funding requests have been submitted based on the Milwaukee County ARPA Expenditure Categories (Community Support, COVID-19 Mitigation, Fund Administration, and Revenue Loss Recovery). The Milwaukee County Board of Supervisors approved a total of 73 projects (Appendix A) and Chart A highlights that Milwaukee County has allocated 100% of its ARPA aid (\$183,696,190).

Chart A: Milwaukee County ARPA Funds Allocated and Available



Milwaukee County Reallocation Strategy Update

As these monitoring efforts demonstrate, Milwaukee County is dedicated to putting mechanisms in place to ensure funds are not returned to the federal government. In addition, Milwaukee County is committed to ensuring that ARPA projects approved by the Milwaukee County Board of Supervisors successfully reach their intended outcomes.

The Office of Strategy, Budget and Performance (SBP) is currently working with administering departments to evaluate the status of approved projects, and to ensure that projects can be committed and completed within the required ARPA timelines. This review is planned to continue into the first quarter of 2024. Depending on the status of projects, reallocations may be submitted in the second quarter of 2024 (intended for approval in the June 2024 reporting cycle).

As indicated above, it is the intent of the administration to continue with ARPA funded projects until they reach completion. However, it is also anticipated that some of the projects which are funded by ARPA may not be able to be obligated or completed within allowable ARPA deadlines due to contracting and RFP timelines, construction industry backlogs, or other factors.

A strategy has been developed for projects which may not be able to be fully obligated by the end of 2024. The strategy would allow for ARPA funds for these delayed projects to be moved to an allowable appropriation/project that is currently funded with tax levy and then use the tax levy dollars made available to continue to fund the project. We believe that 2024 budgeted public health and safety payroll expenditures (or other general government costs) meet the requirement for spending using ARPA funds. The appropriations or spending for the public health and safety payroll expenditures will not be increased by this action. This simply switches its funding source from tax levy to ARPA funding.

ARPA-funded projects that are delayed or cannot meet the deadlines under ARPA legislation will have ARPA funding removed to reduce timeline restrictions in 2024 and beyond. Tax levy will then be given to these former ARPA funded projects so their work can be completed. In September 2023, this strategy was authorized by the Milwaukee County Board of Supervisors in File [23-808](#) to apply \$11.7 million in public health and safety payroll costs to ARPA. As a result, tax levy was applied to eight ARPA-enabled projects, which had a net total tax levy impact of \$0. This authorization created spending flexibility by using tax levy expenditures to obligate ARPA funds.

Fiscal monitoring will inform which ARPA projects are targeted for an alternate funding source. Utilizing tax levy funding for projects that are not fully obligated in early 2024 allows Milwaukee County to flexibly implement Board-approved projects as intended while meeting Treasury obligation deadlines, avoiding a reduction in funding.

It is expected that there may be some limited circumstances where ARPA funded projects are cancelled or reduced and funds are reallocated to a different purpose. This may include a reallocation of unspent COVID-19 Expenditure Category funds, or a cancellation of projects based on results of planning and design. These reallocations will also apply public health and safety payroll or other general government costs, providing an opportunity to fund other projects with tax levy.

After March 31, 2024, SBP will reassess project implementation and obligation progress and determine if ARPA is the appropriate funding source for each project. Using the data collected from departments (operating projects) and from the Department of Administrative Services Central Business Office (capital projects), SBP will prepare a report for the ARPA Task Force and a report for the June 2024 Milwaukee County Board of Supervisors

meeting which will include project reallocation recommendations, COVID-19 Expenditure Category reallocation recommendations and potential project revision dates.

RECOMMENDATION

This report is informational only and there is no request at this time.

FISCAL EFFECT

N/A

TERMS

N/A

VIRTUAL MEETING INVITES

N/A

PREPARED BY:

Bess Earl, Senior Grant Analyst

ATTACHMENTS:

Appendix A: Projects Approved for ARPA Funding by the Milwaukee County Board of Supervisors

APPROVED BY:

N/A