

COUNTY OF MILWAUKEE
Department of Health & Human Services
INTER-OFFICE COMMUNICATION

DATE: May 31, 2011

TO: Lynne DeBruin, Chairperson – Economic & Community Development Committee

FROM: Geri Lyday, Interim Director - Department of Health and Human Services

SUBJECT: **Informational Report from the Interim Director, Department of Health and Human Services, notifying the County Board of a reduction in the County Community Development Block Grant for 2011**

Issue

HUD Secretary, Shaun Donovan has notified HUD field offices and Community Development Block Grant (CDBG) grantees that funding for FY2011 will be reduced approximately 17.8% from the FY2010 grant amount. For Milwaukee County, this results in a funding reduction of \$332,018 as compared to the 2010 Grant Award.

Background

In June 2010, the Milwaukee County Community Development Block Grant (CDBG) Program announced it was accepting applications for 2011 Block Grant Funds. Information and the applications were available on the Milwaukee County Housing Division website. Also, an advertisement was placed in the Journal Sentinel and local community newspapers for approximately ten days to encourage submission. All past applicants (nonprofits) and sixteen (16) municipalities were also notified of the application process.

Once applications were submitted, on October 25, 2010 all nonprofits applicants made two (2) minute presentations about their projects to the Committee on Economic and Community Development. The Committee approved the recommended allocation of 2011 CDBG funds (adopted resolution #10-377).

Discussion

In 2010, Milwaukee County allocated \$1,791,683 in CDBG funding to community projects; the actual 2010 Grant Award (received in late 2010) totaled \$1,868,525 which is \$76,842 more than allocated. For 2011, the DHHS Housing Division cautiously allocated \$1,791,683 to community projects, the same amount as in 2010. The allocation for 2011 projects was approved by the County Board and signed by the County Executive in November 2010.

As a result of passage of the 2011 Federal Budget, on April 25, 2011 the Housing & Urban Development (HUD) Community Planning & Development website listed 2011 Federal Fiscal

Year allocation estimates, with Milwaukee County estimated to receive \$1,536,507 which is \$332,018 less than the \$1,868,525 received in 2010 (a 17.8% revenue reduction).

This Federal revenue reduction would ordinarily necessitate a similar \$332,018 reduction in allocations to community projects. However, since only \$1,791,683 was allocated in 2011, the reduction needed to avoid a tax levy impact equals \$255,176. The DHHS Housing Division is able to further soften the impact of this 2011 revenue reduction by applying un-allocated CBDG dollars from prior years, in the amount of \$143,711, towards the 2011 allocation. This results in a net cut to 2011 community project allocations of \$111,465, from the original allocation of \$1,791,683 to \$1,680,218.

Therefore, the CBDG program reduction of \$111,465 creates an overall reduction of 7.6% per contract. When CBDG funding is reduced, the authority granted in each of the contracts, allows Housing to adjust each contract by an equal percentage. Attached is a listing of adjusted grants for the at-large (non-profit) organizations and the municipal projects.

Recommendation

This report is provided for information only. No action is required.

Fiscal Effect

There is no tax levy impact.



Geris Lyday, Interim Director
Department of Health and Human Services

Enclosure

cc: Chris Abele, County Executive
Terrence Cooley, Chief of Staff - County Board
Cynthia Pahl, Acting Assistant Fiscal and Budget Administrator
Antionette Thomas-Bailey, Fiscal Management Analyst - DAS
Glenn Bultman - County Board Analyst
Linda Durham - Committee Clerk