

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: August 15, 2025

TO: Marcelia Nicholson, Chairwoman, County Board of Supervisors

FROM: Shakita LaGrant-McClain, Executive Director, DHHS

SUBJECT: A report from the Executive Director, Department of Health and Human Services (DHHS), requesting authority to establish an interest-bearing escrow account on behalf of Family Self-Sufficiency (FSS) participants as part of the Housing Choice Voucher Program

File Type: Action Report

REQUEST

We respectfully request authorization for DHHS Housing Services to establish and maintain a HUD-compliant escrow account for participants in the Family Self-Sufficiency (FSS) program. This escrow account will hold funds accrued on behalf of FSS families as they increase their earned income. In addition, we seek authorization for DHHS to establish and manage the escrow account internally, with Milwaukee County serving as escrow agent and fiduciary in accordance with HUD requirements and County financial policies. These actions will enable the County to launch the FSS program and begin enrolling participants.

POLICY

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|-------------------------------------|-----------------|
| Code of Federal Regulations | 24 CFR Part 984 |
| Milwaukee County Code of Ordinances | Ch. 15, Ch. 34 |

Background on FSS Program and Escrow Accounts

The Family Self-Sufficiency (FSS) program is a U.S. Department of Housing and Urban Development (HUD) initiative that enables Housing Choice Voucher and public housing families to increase their earned income and phase-out of rental subsidy program participation. Under a five-year voluntary Contract of Participation, FSS participants receive case management and coaching toward employment, education, and other self-sufficiency goals.

A core feature of FSS is the escrow savings account: as a participant's earnings grow, instead of simply paying a higher rent to their landlord, the increase in the tenant's share of rent is deposited into an interest-bearing escrow account on the family's behalf. In essence, the family's rent increase due to new earned income becomes a forced savings that they can later access, rather than a loss of income to housing costs.

Participants may earn withdrawals or a final disbursement from this escrow account upon successful completion of the program. HUD regulations allow the family to claim the full escrow balance (plus interest) when they graduate, provided the household has met its self-sufficiency goals. These savings can then be used for any purpose that supports the family's long-term economic stability. Common uses include down payments for homeownership, education or vocational training, starting a business, transportation, or costs associated with transitioning off assistance.

Interim disbursements are permitted to support employment-related expenses such as tuition, job training, tools, uniforms, credit repair, or car repairs. The FSS escrow thus serves as a tool to help families build wealth and pursue long-term goals.

It is anticipated the escrow account will be held and administered directly by DHHS Housing Services, in coordination with the Office of the Comptroller and County Treasurer. Funds will be maintained in a segregated, interest-bearing account established pursuant to HUD regulations and County financial procedures. Participant balances will be tracked individually, and interest will be credited accordingly.

Milwaukee County will be responsible for ensuring that all deposits, account maintenance, and disbursements are carried out in compliance with HUD rules at 24 CFR Part 984, as well as internal controls set by the Comptroller's Office and Treasurer. Prior to the establishment of the escrow account, DHHS will work with both the Comptroller's Office and Treasurer to ensure appropriate internal controls, accounting practice, and audit readiness.

Rationale and Benefits for Milwaukee County

Advancing Homeownership Opportunities: Milwaukee County aims to maximize its Housing Choice Voucher Homeownership program. FSS helps participants build savings and credit readiness for down payments, making homeownership more attainable.

Incentivizing Employment and Savings: with FSS, families are rewarded for higher earnings through rent-based savings, encouraging work and economic advancement.

Strengthening SEMAP Performance: FSS participation improves the County's score under HUD's Section Eight Management Assessment Program (SEMAP), which evaluates the performance of public housing authorities.

Broader Community and Economic Benefits: FSS promotes financial independence, frees up vouchers for others, and builds partnerships with community organizations.

Policy and Compliance

FSS is authorized by federal law and governed by HUD regulations. The escrow account will follow 24 CFR Part 984 requirements. Milwaukee County Housing Services will work with the Milwaukee County Treasurer and Comptroller to open and maintain the escrow account in accordance with County fiscal policy. The account will be held in trust, segregated from other County funds, and maintained with full transparency and auditability. Interest accrued will be allocated to participants in accordance with federal regulations. DHHS will establish appropriate internal controls and procedures for approving disbursements based on participant milestones and HUD guidelines. The account and all related activity will be subject to County financial reporting and audit requirements.

Milwaukee County's Housing Choice Voucher Administrative Plan will be updated to reflect FSS policies, and a HUD-compliant FSS Action Plan will be submitted, pending Milwaukee County Housing Authority Board approval. This action aligns with the County's strategic housing, equity, and workforce goals.

DHHS will also provide a status report to the County Board within one year of program launch, including the number of FSS participants, escrow activity, participant outcomes, and any recommendations for scaling or improving the program.

Fiscal Impact

Escrow Funds: Funded through HUD subsidy adjustments and tenant rent—not County levy dollars. No new local funding is required.

Program Administration: HUD provides annual FSS Program Coordinator grants to cover staffing. Housing Services will pursue such grants to avoid excess Milwaukee County Housing Authority's HUD administrative budgetary & capacity strain, if it finds a need and desire to scale the program beyond existing capacity. However, existing staff and existing staff time is sufficient to start and initially maintain the program.

ALIGNMENT TO STRATEGIC PLAN

2A: Determine what, where, and how we deliver services to advance health equity

FSS meets families where they are—through the voucher program—and provides flexible support to advance education, employment, and financial health. By enabling families to save and prepare for life beyond housing subsidies, the County is shifting services from crisis intervention to empowerment. This directly advances health equity by addressing core social determinants such as income stability, housing security, and mobility.

2B: Break down silos across County government to maximize access to and quality of services offered

This program creates a platform for cross-agency coordination, linking Housing Services with workforce development, financial counseling, behavioral health, and community-based supports. The FSS Coordinator will act as a hub to connect participants with existing County services in a more integrated way, aligning with the County's goal of whole-person service delivery.

2C: Apply a racial equity lens to all decisions

Low-income Black and Latino families are disproportionately represented among Milwaukee County's housing voucher holders. FSS directly targets these populations for intensive support and savings-building, addressing both historical housing discrimination and ongoing economic disparities. Implementing FSS with a racial equity lens ensures that program outreach, enrollment, and outcomes are designed to close racial wealth gaps—not just administer benefits.

3A: Invest “upstream” to address root causes of health disparities

FSS is an upstream strategy par excellence. It tackles poverty, unstable housing, and lack of economic opportunity—core root causes of health disparities—by helping residents build skills and assets. Instead of relying solely on temporary subsidy, FSS gives families the tools to thrive beyond assistance, improving long-term health, education, and housing outcomes.

3B: Enhance the County's fiscal health and sustainability

By promoting self-sufficiency among voucher holders, FSS reduces long-term subsidy demand and opens space for new households to be served. The program leverages existing federal funds (including the possibility of FSS coordinator grants, and redirected subsidy savings) with minimal fiscal impact on Milwaukee County Housing Authority's preexisting administrative capacity and funding. This maximizes the return on federal housing dollars and strengthens the County's performance in HUD's SEMAP, contributing to sustainable service delivery.

3C: Dismantle barriers to diverse and inclusive communities

The FSS program actively dismantles barriers to inclusion by creating pathways to homeownership and economic independence for populations historically locked out of those opportunities. It transforms rental assistance from a stopgap into a steppingstone, enabling families to move into neighborhoods of their choice, build intergenerational wealth, and contribute fully to the civic and economic life of Milwaukee County.

RECOMMENDATION

It is recommended that the Milwaukee County Board of Supervisors authorize the Executive Director, Department of Health and Human Services, or her designee, to establish and manage an FSS escrow account accordance with County fiscal policy.

FISCAL EFFECT

A fiscal note is attached to the file.

PREPARED BY:

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APPROVED BY:



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ATTACHMENTS:

None

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