



American Rescue Act Plan – State and Local Fiscal Recovery Funds Informational Update



Overview

- American Rescue Plan Act (ARPA) signed into law on March 11, 2021
- ARPA includes Coronavirus State & Local Recovery Fiscal Funds
- Milwaukee County allocation of \$183,696,189
- Funds are available four to six years
- Treasury guidance issued in May regarding eligible uses of the fund
- We are currently reviewing guidance and developing processes and plans for uses of the fund



ARPA Timeline



Key Date	Significant Item
March 3, 2021	Beginning of the covered period for Recovery Fund
May 10, 2021	U.S. Treasury released the <i>Interim Final Rule</i> guidance
July 9, 2021	Deadline to comment on <i>Interim Final Rule</i>
December 31, 2024	Recovery Funds must be obligated
December 31, 2026	Recovery Funds must be spent, and work completed

- Local governments will receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.
- Quarterly project and expenditure reports are required of counties.

Local Fiscal Recovery Fund Allowable Uses

- A. Support Public Health Responses
- B. Address Negative Economic Impacts
- C. Serving the hardest-hit communities and families
- D. Provide Premium Pay for Essential Workers
- E. Invest in Water, Sewer, and Broadband Infrastructure
- F. Replace Public Sector Revenue Loss



A. Support Public Health Response

- i. Services and programs to contain and mitigate the spread of COVID-19 (Examples: PPE, cleaning, vaccine, testing)
- ii. Services to address behavioral healthcare needs exacerbated by the pandemic
- iii. Payroll and covered benefits expenses



B. Address Negative Economic Impacts

- i. **Delivering assistance to workers and families** – Provide aid to unemployed workers and job training; aid to households facing food, housing, or other financial insecurity; and survivor benefits.
- ii. **Supporting small businesses** – Address financial challenges through loan, grant, in-kind assistance, and counseling programs.
- iii. **Speeding the recovery of the tourism, travel, and hospitality sectors** – Provide industry support for impacted sectors.
- iv. **Rebuilding public sector capacity** – Rehire public sector staff and replenish unemployment insurance trust funds, build internal capacity to successfully implement economic relief programs. Invest in data analysis, targeted outreach, technology infrastructure, and impact evaluations.



C. Serving the Hardest-Hit Communities and Families



- i. **Addressing health disparities and the social determinants of health** – Provide funding for community health workers, public benefits navigators, lead remediation, and community violence intervention programs.
- ii. **Investments in housing and neighborhoods** – Services to address individuals experiencing homelessness, affordable housing development, housing vouchers, and residential counseling and housing navigation assistance to facilitate moves to neighborhoods with high economic opportunity.
- iii. **Addressing educational disparities** – Expand early learning services, educational services like tutoring or afterschool programs, and services to address social, emotional, and mental health needs.
- iv. **Promoting healthy childhood environments** – Expand high quality childcare, home visiting programs for families, and enhanced services for child welfare-involved families and foster youth.

D. Provide Premium Pay for Essential Workers

Premium pay directly, or through grants to private employers, to essential workers who must be physically present at jobs including:

- Staff at nursing homes, hospitals, and home-care settings
- Workers at farms, food production facilities, grocery stores, and restaurants
- Janitors and sanitation workers
- Public health and safety staff
- Truck drivers, transit staff, and warehouse workers
- Childcare workers, educators, and school staff
- Social service and human services staff



E. Invest in Water, Sewer, and Broadband Infrastructure

Water and Sewer Infrastructure

- Building or upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines
- Wastewater infrastructure projects, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works.

Broadband Infrastructure

- Make investments in broadband in areas that are currently unserved or underserved (lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload).



F. Replace Public Sector Revenue Loss

- Counties may use Coronavirus State and Local Fiscal Recovery Funds to avoid cuts to government services.
- Federal guidance adopts the term “General Revenue” based largely on Census Bureau’s Annual Survey of State and Local Government Finances
- “General Revenue” includes revenues collected by a recipient which are generated from its underlying economy
- The Comptroller’s Office is taking the lead on calculating allowable revenue loss under ARPA
- This calculation will be a critical component in determining allowable expenditures under ARPA



GFOA Guiding Principles



Temporary Nature of ARPA Funds. ARPA funds are non-recurring so their use should be applied primarily to non-recurring expenditures.

Scanning and Partnering Efforts. State and local jurisdictions should be aware of plans for AARP a funding throughout their communities.

Take Time and Careful Consideration. ARPA funds will be issued in two tranches to local governments. Throughout the years of outlays, and until the end of calendar year 2024, consider how the funds may be used to address rescue efforts and lead to recovery.

System Level Collaboration

- Milwaukee County: \$183M
- State of Wisconsin: \$2.5B
- City of Milwaukee: \$394M
- Municipalities: approximately \$80M



Strategic Focus Areas

1. Create Intentional Inclusion

1A: Reflect the full diversity of the County at every level of County government

1B: Create and nurture an inclusive culture across the County

1C: Increase the number of County contracts awarded to minority and women-owned businesses

2. Bridge the Gap

2A: Determine what, where and how we deliver services based on the resolution of health disparities

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

2C: Apply a racial equity lens to all decisions

3. Invest in Equity

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

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

3C: Dismantle barriers to diverse and inclusive communities



2022 Budget Update

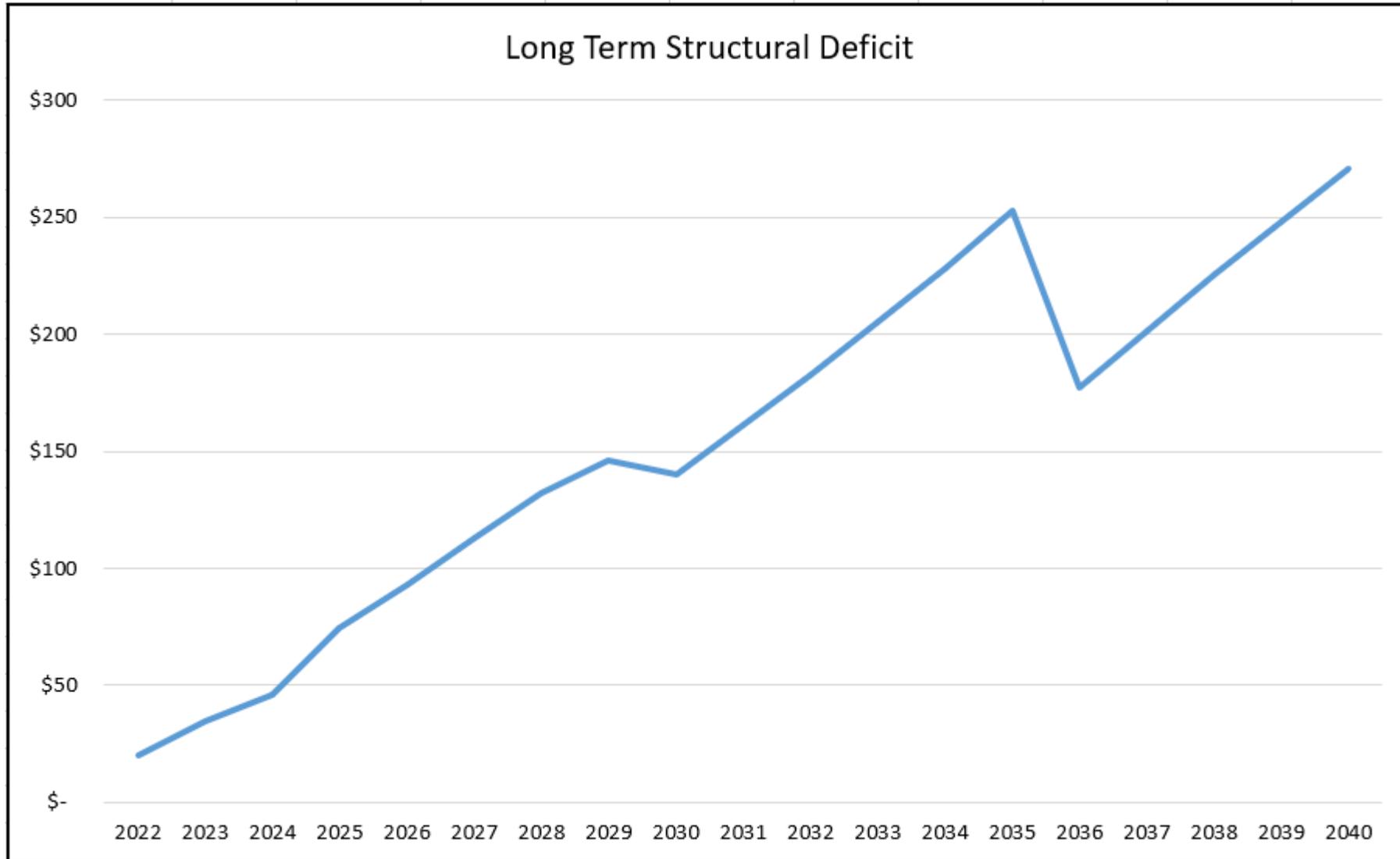


2022 Initial Operating Budget Gap Estimate	
Description	Amount
Compensation	\$ 4.3
Health Care	\$ 4.5
Pension	\$ 1.7
Debt Service P&I	\$ 1.0
Transit	\$ -
Other Operating Cost to Continue	\$ 7.8
Total Expenditure Change	\$ 19.3
Revenue Change - Lost Revenues	
Debt Service Reserve	\$ 5.3
Unclaimed Revenue	\$ 1.3
Doyne Payment	\$ 4.0
Revenue Change - Increased Revenue	
Property Tax	\$ (4.0)
Sales Tax	\$ (3.0)
Investment Revenue	\$ -
Other / Reimbursement Revenue	\$ (2.6)
Total Revenue Change	\$ 1.0
Gap Total	\$ 20.3

Gap Closing

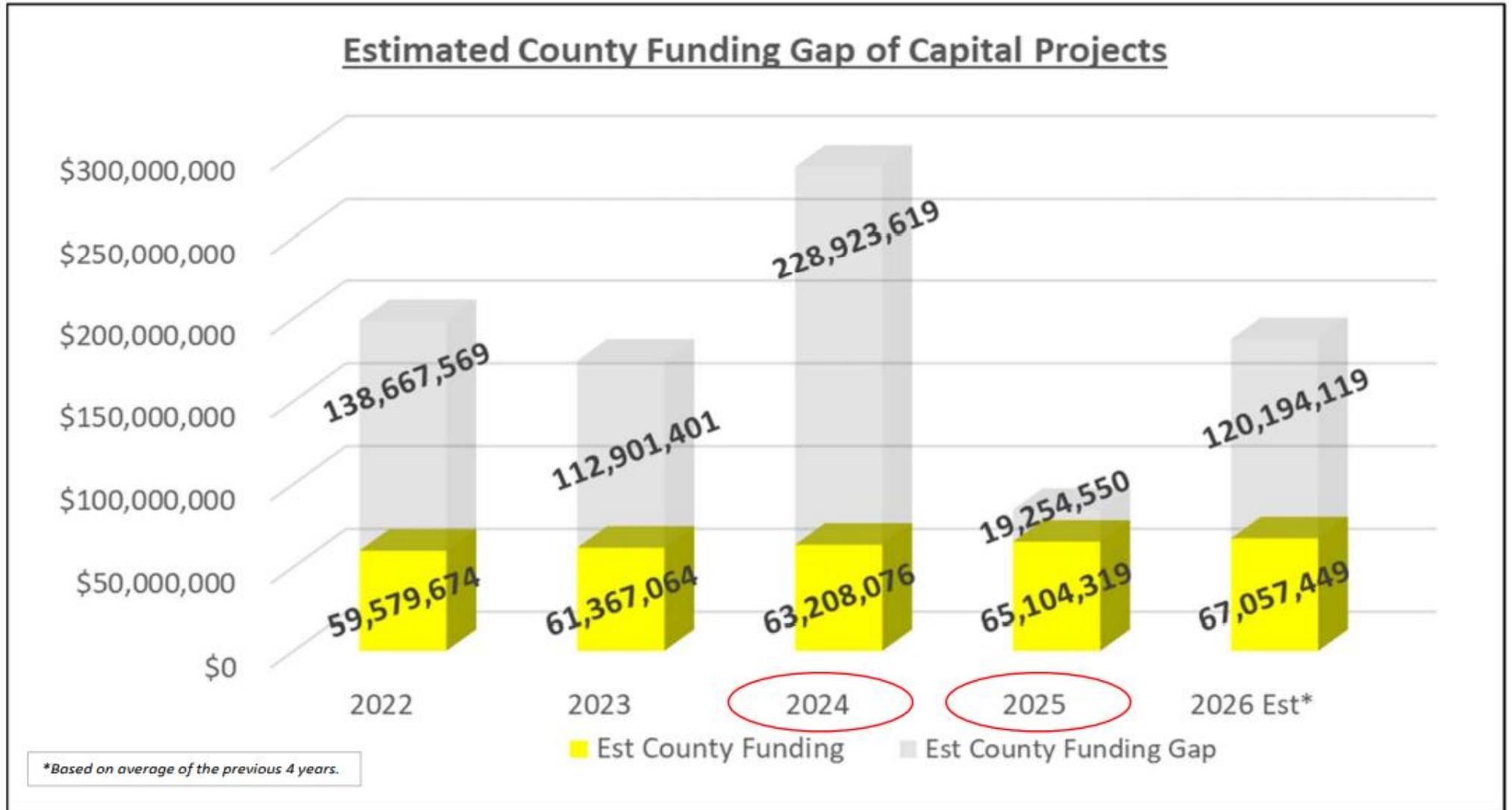
- Improvements to sales tax and health care projections will likely close a portion of the gap, as well as potential increase in investment revenues
- Departments were asked to submit a flat budget, absorbing \$7.8M of the gap attributable to inflationary cost growth
- Department revenues remain below pre-pandemic levels
- Potential contribution from Debt Service Reserves or ARPA, although these are one-time funding sources and use should be limited

Long Term Structural Deficit



On average, revenues grow by 1.0% while expenses grow by 2.4%. Positive changes in 2030 and 2036 due to projected payoff of pension obligation bonds and unfunded liabilities

5-Year Capital Projections



State Budget



- Governor Evers submitted the proposed 2021-23 State budget in February
- Current status- under review by Joint Finance Committee.
- We are monitoring State budget impacts
 - JFC reduction to Transit of \$32.7 million

Framework Review



- Strategic alignment
- Community Engagement
- Fiscal Sustainability
- Timeline
- Work Group Structure
 - Internal
 - External

Thank You!

