

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : 6/16/2020

TO : Supervisor Marcelia Nicholson Chair, County Board of Supervisors

FROM : Joe Lamers, Department of Administrative Services, Budget Director

SUBJECT : Coronavirus Relief Fund Allocation

OVERVIEW:

The Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed into law on March 27, 2020 and created the Coronavirus Relief Fund. The Coronavirus Relief Fund provides \$160 billion in direct assistance for domestic governments, in order to cover the costs of necessary expenditures incurred due to the COVID-19 public health emergency. Local governments serving a population of 500,000 or more are eligible to receive assistance directly from the Treasury.

Milwaukee County received an initial Coronavirus Relief Fund payment in the amount of \$62,044,048 from the federal government. In addition, the County has received an allocation of \$15,384,444 from the State of Wisconsin's "Routes to Recovery" program, which is funded from the State's share of the Coronavirus Relief Fund. In total, the County has now received allocations of \$77,428,492 of CARES Act Coronavirus Relief Funds.

Guidance released by the United States Treasury on April 22, 2020 indicates that the funding can only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency
2. Were not accounted for in the budget most recently approved as of March 27, 2020
3. Were incurred during the period that begins March 1, 2020 and ends on December 30, 2020

The guidance also indicates that these funds may not be used to fill shortfalls in revenue.

In May of 2020, the County Board approved a request to add \$20 million of these funds to the budget, to cover costs which are being incurred for items such as personal protective equipment (PPE), cleaning and sanitation, telework, emergency communications, and other direct costs related to mitigating the spread of COVID-19. The initial allocation was approved with plans for the Department of Administrative Services to return to the County Board with a spending plan for the full allocation, before adding the full balance to the budget. This report provides a framework for the overall \$77 million grant, which is subject to change in future months depending on experience and needs related to the pandemic.

In addition, County Board Resolution 20-335 requires the Department of Administrative Services to provide monthly reports to the County Board regarding expenditures being charged to the grant.

DRAFT - PROPOSED ALLOCATIONS BY CATEGORY:

This report provides a framework for proposed spending of the \$77.4 million allocation. Proposed allocations are provided by major category of expenses (life safety, emergency operating costs, community and economic support, contingency). It should be noted that spending by category will be subject to change throughout the year based on experience and emergency needs, and the potential for changing circumstances during the pandemic.

The following chart provides an allocation framework including major categories of expenditures. This is followed by a description of costs.

Coronavirus Relief Fund Allocation Framework	
Description	Amount
PPE, Cleaning, Sanitation	11,814,130
COVID Sick and Leave Time (includes transit)	6,048,430
Re-opening Costs with Added Safety Measures	3,500,000
Subtotal Life Safety	21,362,560
Isolation and Social Distancing in the jail and HOC	12,745,051
Social Distancing Enforcement: Parks & Zoo	432,000
Emergency Operations Center (EOC/UEOC)	1,515,323
IT Costs: Laptops & IMSD telework support	1,528,077
COVID Admin Support & Grants Management	946,464
Expanded Pre-trial Services and Electronic Monitoring	1,040,000
Hazard pay (Includes Transit)	2,886,551
Senior Services - COVID wellness checks	200,000
COVID benefits (Health, unemployment, WC)	1,100,000
Public Health and Public Safety COVID-19 mitigation	5,405,014
Subtotal Emergency COVID-19 Costs	27,798,480
Housing and Homeless Services	10,000,000
Economic/Community Supports - Other	10,000,000
Subtotal Economic and Community Supports	20,000,000
Contingency for Unanticipated Costs	8,321,452
Subtotal Contingency	8,321,452
Total	77,482,492

Life Safety Measures: \$21.3 million

The County is incurring operating costs on a routine daily basis for life safety measures. Expenses of \$21.3 million are currently projected for the following costs:

- Personal protective equipment (PPE)
- Increased cleaning and sanitation costs
- COVID-19 related sick time
- Re-opening County operations with added safety precautions

The \$21.3 million expenditure projection is based on current spending levels combined with an expectation that there will be increased costs associated with re-opening of Courts and other operations with added safety precautions due to COVID-19.

Emergency Operating Costs to Mitigate COVID-19: \$27.8 million

County operations have been significantly impacted by COVID-19. Treasury guidance indicates that costs which are substantially dedicated to mitigating the spread of COVID-19 are eligible for reimbursement under the Coronavirus Relief Fund. This includes payroll costs for public health and public safety employees which are substantially dedicated to mitigating COVID-19.

Emergency costs of \$27.8 million are currently estimated, including but not limited to the following:

- Social distancing and isolation in the jail and House of Correction, consistent with CDC guidelines
- Emergency Operations Center costs
- IMSD telework support costs to allow remote work
- Increase in pre-trial services and electronic monitoring
- Emergency communications
- Staffing costs to enforce social distancing in the parks and zoo
- Increased death investigations conducted by the Medical Examiner's Office
- Costs associated with temporary morgue
- Sheriff's Office operating costs including enforcement of social distancing, transporting, screening visitors to the CJF and courthouse
- Public health expenditures which are dedicating to mitigating the spread of COVID-19

Community and Economic Support: \$20 million

Community and economic support programs which are provided in connection with the COVID-19 public health emergency are eligible for reimbursement under the fund. Examples of eligible programs included in the Coronavirus Relief Fund guidance include:

- Grants to small business to reimburse the costs of business interruption caused by closures
- Payment of overdue rent or mortgage payments to avoid eviction or foreclosure
- Expenses to facilitate distance learning, including technological improvements, in connection with school closings
- Unemployment insurance costs related to the COVID-19 public health emergency

The current allocation framework includes \$20 million towards community and economic supports. Within this \$20 million allocation, the Department of Administrative Services currently recommends allocating \$10 million towards housing programs to prevent homelessness. An additional \$10 million of potential funding for community and economic support is held aside for further review of expenditures, eligible costs, and engagement with the

County Board regarding priority spending areas. Further details regarding allocations are provided below.

Housing and Homeless Services Detail

The \$10 million recommended allocation for housing and homeless services includes the following:

- \$7.0 million is recommended for eviction prevention programs, primarily for payment of rental arrearages. Spending of \$6.3 million for rental arrearages and \$700,000 for administration of the program is expected to result in eviction prevention support for over 2,000 families. The Department of Health and Human Services (DHHS) will work with partner agencies to implement the program quickly. In addition, DHHS will work with the courts to identify individuals and families at risk of eviction.
- \$2.0 million is recommended for housing acquisition. These funds would be used to acquire properties to house individuals with housing insecurities whose housing options are limited because of COVID. The target population would be those who are in housing and isolation facilities as well as hotels. Shelters remain at limited capacity so additional housing options are necessary.
- \$1.0 million is recommended for mortgage assistance. These funds could be used for households that have not been able to maintain their current mortgages due to economic hardships brought on by COVID.

Additional Community and Economic Support Funding

Based on the current allocation framework, an additional \$10 million is available to be allocated for community and economic support programs. For example, this amount may potentially be used to provide increased allocations towards housing programs. The funding may be used for small business grants. In addition, the administration is exploring the use of the fund to provide mental health services for individuals and families who are experiencing trauma as a result of COVID-19, and the administration has also engaged with local school districts regarding technological needs to facilitate distance learning. These and other eligible economic support programs will be considered. Prior to allocating this balance, the administration will seek additional feedback from the County Board.

Contingency: \$8.3 million


It is recommended that a portion of the Coronavirus Relief Fund allocation be set aside for unanticipated costs which may be incurred during the year. For example, it is possible that additional unforeseen costs may be identified upon reopening of County operations including the courts. Further, public health experts have cautioned that there may be additional outbreaks of COVID-19 in the fall or later in the year. New events or experience may result in a need for added expenditures in areas currently unanticipated.

FEMA Application Details

Some of the emergency costs described above will also be eligible for Federal Emergency Management Administration (FEMA) reimbursement. However, FEMA reimbursement is more restrictive, and eligibility is expected to be limited. The primary cost area where FEMA eligibility is expected is life safety measures including personal protective equipment and increased cleaning and sanitation costs. Even within these expenditure categories, eligible reimbursement is limited to costs considered immediate life threats. It is currently unknown how long the FEMA claiming period related to COVID-19 will remain open. The administration is currently working with the Wisconsin Emergency Management (WEM) department to determine FEMA eligible costs and prepare an application. FEMA reimbursement is expected to result in changes to the CARES Act allocations.

RECOMMENDATIONS

This report is provided for informational purposes. The administration intends to report back in July to take action on this item using the above described framework as a basis for the recommendation.

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Joe Lamers, Budget Director
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Cc: David Crowley, Milwaukee County Executive
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