

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : 9/11/2020
TO : Supervisor Marcelia Nicholson, Chair, County Board of Supervisors
FROM : Joe Lamers, Department of Administrative Services, Budget Director
SUBJECT : CARES Coronavirus Relief Fund Updates (September 2020)

OVERVIEW:

This report is being provided as an informational update pertaining to Milwaukee County's CARES Act Coronavirus Relief Fund allocation of \$77.4 million.

The Milwaukee County Board of Supervisors approved an allocation framework of the County's Coronavirus Relief Fund allocation in July. At this time, there are no proposed changes to the allocation. However, revisions are being considered and may be proposed in October and/or November.

BACKGROUND:

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.

Milwaukee County CARES CRF Allocation

In July of 2020, the Milwaukee County Board of Supervisors approved a CARES Act allocation framework for the County's \$77.4 million CARES allocation, which included \$24.8 million in funding for life safety expenses, \$25.5 million in funding for emergency COVID-19 operational costs, and \$27.1 million for economic support and public health programs.

Coronavirus Relief Fund Allocation Framework	
Description	Amount
PPE, Cleaning, Sanitation	11,163,712
COVID Sick and Leave Time (includes transit)	5,200,000
IT Costs and Remote Work Capabilities	2,963,461
Re-opening Operations with Added Safety Measures	5,500,000
Subtotal Life Safety	24,827,172
Isolation and Social Distancing in the jail and HOC	13,318,341
Social Distancing Enforcement: Parks & Zoo	432,000
Emergency Operations Center (EOC/UEOC)	2,015,323
COVID Admin Support & Grants Management	522,997
Expanded Pre-trial Svcs and Electronic Monitoring	740,000
Hazard pay	700,000
Senior Services - COVID wellness checks	200,000
OEM/EMS Direct COVID Costs	833,600
COVID benefits costs (Health, unemployment, WC)	1,253,544
Public Health and Public Safety COVID-19 mitigation	5,485,514
Subtotal Emergency COVID-19 Costs	25,501,319
Housing and Homeless Services	15,000,000
Small Business Grants	7,000,000
Public Health / Mental Health Services	1,600,000
Employment Program	3,500,000
Economic Support and Public Health	27,100,000
Total	77,428,492

UPDATES:

Quarter 1 Claiming Update

For the first quarter of activity (from March to June), claims of \$18.1 million were submitted to the Federal and State government for eligible expenditures. However, it should be noted that the Federal claim for Q1 was considered a “draft” while the actual quarter 1 claim is due on September 24. The Federal government had not provided detailed claiming guidance at the time that the first draft was due. After receiving the updated guidance, the Department of Administrative Services (DAS) is working with the Comptroller’s Office on an updated quarter 1 claim and additional expenses have been identified for the updated claim.

The first quarter claim did not include a significant amount of claiming for economic support payments (\$27.1 million allocation) due to later start dates of these programs.

Update on Allocation for Life Safety Measures (\$24.8 million allocation)

- Spending on PPE, cleaning, sanitation has trended below the allocation of \$11.1 million because it is anticipated that approximately \$2 million of these costs will be eligible for FEMA reimbursement and departments have reduced costs on PPE and supplies after initial purchases

were made. DAS is evaluating costs in this area for possible reallocation towards other cost items such as facilities re-opening needs, IT remote work, economic supports, and other costs.

- COVID related sick and leave time costs, which are eligible for reimbursement under the grant, have already been expended up to the allocation of \$5.2 million.
- The allocation framework provided \$2.9 million for IT costs associated with establishing telework and remote work capabilities. The first quarter claim included \$1.7 million of costs for items such as purchase of laptops for remote work, and costs associated with developing videoconferencing capabilities in the courts.
- \$5.5 million was allocated towards re-opening County facilities with added safety measures. The following cost items are expected to absorb this allocation:
 - o The DAS Facilities division has identified needs for HVAC and air quality improvements within County buildings in order to meet CDC guidelines for air quality conditions.
 - o Additional IT remote work-related costs are being planned for safe re-opening of County facilities which may require additional allocations for IT. These costs include additional expenses for establishing videoconferencing in courts, and establishing a secondary 911 call center site at the Training Academy.

Update on Emergency COVID-19 operating costs (\$25.5 million allocation)

County operations have been significantly impacted by COVID-19 and this allocation supports expenses related to emergency operating costs.

CARES Act guidance provided by the Treasury Department indicates that public health and public safety payroll costs which are substantially dedicated to mitigating COVID-19 are eligible for reimbursement under the fund. In addition, payroll costs which are substantially different due to the COVID-19 emergency are eligible for reimbursement. Many of the expenditures within this emergency operating cost allocation fall into these categories. It is expected that expenditures within these categories will meet and potentially exceed the allocations provided.

Examples of expenses dedicated COVID-19 include but are not limited to:

- Costs associated with social distancing and isolation in the Criminal Justice Facility (CJF) and House of Correction (HOC), to prevent spread of COVID-19, consistent with CDC guidelines
- Emergency Operations Center costs for COVID-19 emergency planning purposes
- Staffing costs to enforce social distancing in the parks and zoo
- Increased death investigations conducted by the Medical Examiner's Office
- Sheriff's Office operating costs including enforcement of social distancing, transporting, screening visitors to the CJF and courthouse

Update on Economic Support and Public Health Payments (\$27.1 million allocation)

Housing and Homeless Services

The housing and homeless services allocation of \$15 million includes funding for eviction prevention (\$10 million), housing acquisition (\$2 million), and mortgage assistance (\$3 million).

- Eviction Prevention: In August 2020, the Department of Health and Human Services (DHHS) executed contracts with Community Advocates and Hope House to assist with Eviction Prevention efforts. As of September 1, contractors have made eviction prevention payments of

approximately \$1.7 million which are planned to be charged to the County's CARES grant allocation. In addition, approximately \$300,000 in direct rent payments have been made by the County. Now that contracts are in place, DHHS anticipates spending of the grant allocation prior to yearend.

- **Housing Acquisition:** DHHS has identified multiple potential properties to purchase by years end that would spend the \$2 million allocation. The department is in the negotiation process. In addition, the City of Milwaukee has pledged to provide rehab funds to support with housing acquisition efforts. 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.
- **Mortgage Assistance:** A contract has recently been executed with Housing Resources, Inc. to administer the mortgage assistance program. This contractor is expected to begin administration of the program by mid-September. This allocation will provide mortgage support to households that have not been able to maintain their current mortgages due to economic hardships brought on by COVID-19.

Small Business Grants and Employment Program

The DAS Economic Development division has drafted final contract agreements with agencies to administer the Small Business Grants program (\$7 million allocation) and the Community Resources Navigator Employment program (\$3.5 million allocation). The Milwaukee Economic Development Corporation will administer the Small Business grant program and Employ Milwaukee will administer the Employment Program. It is currently anticipated that the administering agencies will launch these programs by late September.

The Small Business Grant Program will provide grants of up to \$20,000 to small businesses impacted by business interruptions and closures from COVID-19. The Community Resources Navigator Program recruits unemployed individuals and trains them to be resource navigators in combating COVID through distribution of public health information and resources, and aid in contact tracing.

Federal Legislative Updates

Federal legislative proposals are being considered in congress which would provide additional coronavirus relief and economic stimulus, and/or make changes to CARES Act Coronavirus Relief Fund (CRF) allocation guidelines. Proposals include the \$3 trillion HEROES Act approved in the House and the \$1 trillion HEALS Act proposed by the Senate. The House and the Senate have not reached agreement on the next round of stimulus or additional funding for local government. Below is a brief summary of what was included in the HEROES and HEALS Act proposals and their potential impacts on local government.

In May of 2020, the House approved the \$3 trillion HEROES Act stimulus package, which would provide approximately \$1 trillion in assistance to state and local governments, including \$187.5 million to Counties based on population. Under the HEROES Act proposal, local government funds could be used for COVID-19 related expenses, to replace lost revenues, or to respond to negative economic impacts of

COVID-19. The Act includes an amendment to allow the CARES Coronavirus Relief Funds to be used to address lost revenue.

In July of 2020, the Senate proposed the \$1 trillion HEALS Act stimulus package. The HEALS Act proposal did not allocate any additional funding to state and local governments. The HEALS Act did include some changes to the CARES Act Coronavirus Relief Fund, including a 90-day extension on use of funds and an opportunity to use up to 25% of the allocation to support revenue loss. However, the HEALS Act provision on revenue loss would require County governments to allocate 25% of their allocation downstream to other governments (i.e. to municipalities), before being allowed to take advantage of the revenue loss provision.

It is currently anticipated that neither of these proposals will be approved in their current form, but negotiations in congress are ongoing. Failure of congress to reach any agreement will have an adverse impact on local government operations and financing, particularly as we look to 2021 when the Coronavirus Relief Fund is currently scheduled to expire.

If congress does reach an agreement on an updated coronavirus relief package, it is likely that this would also have an impact on the current CARES Act Coronavirus Relief allocation.

SUMMARY

This report is provided for informational purposes. Modifications to the County's Coronavirus Relief Fund allocation may be considered and proposed in October and/or November.



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Cc: David Crowley, Milwaukee County Executive
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