

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 12/27/19

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Report from the Director, Department of Health and Human Services (DHHS), requesting approval of an appropriation transfer of \$550,000 from the allocated contingency to DHHS, creation of a full-time Housing Inspector and execution of a fiscal agent contract for the Milwaukee County Lead Remediation Low Interest Loan Program

**FISCAL EFFECT:**

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| <input checked="" type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
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*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
<b>Capital Improvement Budget</b>	Expenditure	0	
	Revenue	0	
	Net Cost	0	

## DESCRIPTION OF FISCAL EFFECT

**In the space below, you must provide the following information. Attach additional pages if necessary.**

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. <sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Department of Health and Human Services is requesting the Milwaukee County Board of Supervisors authorize the Office of the Comptroller and the Department of Administrative Services Performance, Strategy and Budget to establish an appropriation transfer from Org. Unit 1940-1945 – Appropriation for Contingencies to Agency 800 – Department of Health and Human Services – Housing Division for the Milwaukee County Lead Remediation Low Interest Loan Program. DHHS is requesting this appropriation transfer to establish the Milwaukee County Lead Remediation Low Interest Loan Program per the 2020 Adopted Housing Budget.

The 2020 budget earmarks \$550,000 in an allocated contingency account to allow any Milwaukee County resident, regardless of income, to have access to a low interest revolving loan program for the sole purpose of lead abatement. Further, DHHS requests authorization to execute a fiscal agent contract with Community Advocates for \$490,000 with \$10,000 of this amount set aside to the agency to administer the program. In order to fund the fiscal agent fee of \$10,000 and a new Housing Inspector position at a cost of about \$60,000, the percentage of the \$550,000 dedicated to administrative costs would need to increase from 10 percent to 13 percent.

B. The total funding available in the 2020 Budget is \$550,000 in Org. Unit 1940-1945 Appropriation for Contingencies. About \$70,000 of the \$550,000 in funding is needed to administer the program. This would leave \$480,000 for loans to homeowners. The maximum loan amount would be \$50,000 and the maximum term of a loan would be 20 years (240 payments) with at least a \$25 minimum payment.

C. The \$550,000 in funding is sufficient to support both the loans and estimated administrative costs. Once the \$480,000 available for loans has been committed, no additional loans would be approved until the fund is replenished by repayments from homeowners or additional funding was identified. At this time, no additional funding has been identified in future year budgets.

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

D.The long-term sustainability of the program depends upon the repayment of the loans to finance future loans. If the demand for the program is high and loans are approved for the full \$480,000 before the fund is replenished by repayments, new loans could not be made until additional funding became available. In addition, it is assumed DHHS would need to absorb the ongoing administrative costs of the Housing Inspector and fee from Community Advocates in its future operating budgets.

Department/Prepared By: Clare O'Brien, Budget and Operations Manager

Authorized Signature  \_\_\_\_\_

Did DAS-Fiscal Staff Review?  Yes  No

Did CDPB Staff Review?  Yes  No  Not Required