

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : 10/28/2020
TO : Supervisor Marcelia Nicholson, Chair, County Board of Supervisors
FROM : Joe Lamers, Department of Administrative Services, Budget Director
SUBJECT : Coronavirus Relief Fund Re-allocation (October 2020 update)

OVERVIEW:

This report provides an update on Milwaukee County's \$77.4 million CARES Act Coronavirus Relief Fund allocation. The report requests County Board authorization to realign expenditures within the fund, including a \$12.5 million increase in funding for economic support programs, supported by offsetting reductions within the grant allocation. Additional reallocation changes are described in this report.

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.

In July of 2020 the County Board approved an allocation framework for spending against the \$77 million grant. This report requests to make changes to the line-item allocations within the grant.

Allocations by Category:

The following chart provides a summary of the CARES Act allocation that was approved by the County Board in July, as well as a reallocation that is being proposed in October. The reallocation makes revisions to line-item allocations based on actual expenditure experience, anticipated needs, and prioritization for economic supports that are needed within the community. The proposed reallocation provides \$12.5 million in additional funding to economic support programs. The increase in economic support program funding is largely funded through a reduction in the line item for “public health and public safety COVID-19 mitigation,” which is primarily pertaining to reimbursable public health and public safety payroll costs dedicated to mitigating COVID-19.

Description	Approved Allocation	Proposed Reallocation	Change
PPE, Cleaning, Sanitation, Emergency Purchases	11,163,712	9,776,492	(1,387,220)
COVID Sick and Leave Time (includes Transit)	5,200,000	5,400,000	200,000
IT Costs and Remote Work Capabilities	2,963,461	4,500,000	1,536,539
Re-opening Operations with Added Safety Measures	5,500,000	5,500,000	-
Subtotal Life Safety	24,827,173	25,176,492	349,319
Public Health and Public Safety COVID-19 Mitigation	18,803,855	8,000,000	(10,803,855)
Social Distancing Enforcement: Parks & Zoo	432,000	432,000	-
Emergency Operations Center (EOC/UEOC)	2,015,323	1,210,000	(805,323)
COVID Admin Support & Grants Management	522,997	300,000	(222,997)
Pre-trial Svcs and Electronic Monitoring	740,000	50,000	(690,000)
Hazard Pay	700,000	1,400,000	700,000
Senior Services - COVID wellness checks	200,000	200,000	-
OEM/EMS COVID costs	833,600	360,000	(473,600)
COVID benefits costs (Health, unemployment, WC)	1,253,544	700,000	(553,544)
Subtotal COVID-19 emergency costs	25,501,319	12,652,000	(12,849,319)
Eviction Prevention	10,000,000	15,000,000	5,000,000
Mortgage Assistance	3,000,000	3,000,000	-
Housing Acquisition	2,000,000	2,000,000	-
Small Business Grants	7,000,000	12,000,000	5,000,000
Public Health / Mental Health Services	1,600,000	1,600,000	-
Employment Program	3,500,000	3,500,000	-
Food Network Support	-	1,800,000	1,800,000
Arts & Cultural Support	-	700,000	700,000
Subtotal Economic Support and Public Health	27,100,000	39,600,000	12,500,000
Total	77,428,492	77,428,492	-

Following is a description of proposed changes within the fund allocation.

Life Safety Measures:

Funding for life safety measures is proposed to be revised from \$24.8 million to \$25.1 million.

- PPE, cleaning supplies, emergency purchases: the proposed reallocation reduces spending by (\$1,387,220). Costs have trended downward within this allocation after initial purchases of emergency supplies were made following the outbreak of COVID-19. In addition, a portion of these costs are eligible and being claimed towards FEMA, reducing the amount of costs assigned to the CARES grant.
- Sick and leave time allocation is increased from \$5.2 million to \$5.4 million based on actual experience and claims to date.
- The IT remote work allocation is proposed to be increased by \$1.5 million (from \$3.0 to \$4.5 million) in order to facilitate remote work capabilities across County operations. This allocation includes funding for:
 - o Laptops, mobile phones, and technology equipment for staff working remotely
 - o Courts videoconferencing capabilities throughout County courtrooms allowing for continuation of court proceedings remotely
 - o IT innovations focused on facilitating remote work environments across County operations

Emergency Operating Costs to Mitigate COVID-19:

The allocation for emergency operating costs is proposed to be reduced from \$25.5 million down to \$12.6 million. A significant portion of this allocation is dedicated to payroll costs for public health and public safety employees which are substantially dedicated to mitigating COVID-19. This allocation is proposed to be reduced primarily in order to support an increased allocation towards economic supports. The primary line item which is reduced is the line item for “Public Health and Public Safety COVID-19 Mitigation.” Other changes within the emergency operating cost allocation are based on changing expenditure trends and reimbursement claims to date, as well as reviews of updated fund eligibility guidance provided by the Treasury.

It is anticipated that payroll expenses which are eligible for reimbursement will be significantly higher than the amounts included in this proposed reallocation. If there is under-spending in any of the other allocation categories, the Department of Administrative Services will increase the amount claimed towards payroll, in order to drawdown the full \$77.4 million in grant funding by the end of the year.

Economic Support and Public Health:

The allocation for economic support and public health programming is proposed to be increased by \$12.5 million, from \$27.1 million to \$39.6 million. The proposed reallocation would provide an additional \$5.0 million in funding for small business grants, and additional \$5.0 million in funding for eviction prevention. A new allocation of \$1.8 million to support the emergency food network is also proposed. Additionally, a potential allocation of \$700,000 to support arts and

cultural organizations impacted by the pandemic is included in this reallocation. Descriptions of these economic support allocations are provided below.

Small Business Grants

The small business grant program allocation is proposed to be increased from \$7.0 million to \$12.0 million in order to provide additional support to businesses in Milwaukee County that have been adversely impacted by closures and business interruptions caused by COVID-19. The reallocation considers a high volume of demand and need from businesses around the County, which have been impacted by COVID-19.

Over 2,100 businesses submitted applications to Milwaukee County for small business grants. Applications are currently under review. The DAS Economic Development division has preliminarily indicated that between 1,500 to 1,900 businesses are expected to be eligible for grants (400 are under review).

It was anticipated that the initial allocation of \$7 million would provide support to approximately 600 businesses. An increased allocation of \$12 million for small business grants will provide an opportunity to award more small businesses with CARES funded grants.

Approximately 573 businesses received a letter of support from a qualifying member of the Ethnic & Diverse Business Coalition (including the African American Chamber of Commerce of Wisconsin, American Indian Chamber of Commerce of Wisconsin, Greater Milwaukee Chamber of Commerce, Hmong Wisconsin Chamber of Commerce, Latino Entrepreneurial Network, MICAH, National Association of Minority Contractors – Wisconsin, The Business Council, Inc., Wisconsin Black Chamber of Commerce, Inc., Wisconsin Chinese Chamber of Commerce, Wisconsin LGBT Chamber of Commerce, Wisconsin Veterans Chamber of Commerce). These businesses will receive priority review when grants are allocated, as well as eligibility for an increased grant allotment.

Housing and Homeless Services / Eviction Prevention

The allocation for housing and homeless services is proposed to be increased by \$5.0 million. The increase is specifically targeted towards eviction prevention efforts.

As of October 2020, approximately 2,300 rental assistance checks have been distributed by housing vendors (Community Advocates, Hope House) to Milwaukee County residents, from the County's CARES act funding allocation. With a current spending level of approximately \$400,000 per week, the Department of Health and Human Services (DHHS) anticipates that the existing \$10 million allocation for eviction prevention efforts will be spent down before the end of the year. It is anticipated that the proposed allocation would continue to provide support for this program through the end of 2020.

The allocations for mortgage assistance (\$3.0 million) and housing acquisition (\$2.0 million) are not proposed to be changed. The mortgage assistance program was recently launched and has provided assistance to approximately 50 homeowners to date. DHHS is currently negotiating the

acquisition of housing properties to acquire housing for individuals with housing insecurities whose options are limited because of COVID-19.

Food Programs

A new allocation of \$1,800,000 is proposed in order to support the emergency food network in Milwaukee County. This allocation would provide enhanced capacity to store, refrigerate, and distribute food through the winter and beyond. The allocation also provides technology investments that are needed to support connectivity between those who need food and those who can provide food.

Food provider organizations have reported substantial increases in food supply and distribution in the past year. For example, the Hunger Task Force has reported distribution of approximately 6 million pounds of food from March to September of 2019, compared to 12 million pounds from March to September of 2020. At the same time, 211 is reporting record call volume from residents seeking food assistance.

While food network organizations have reported increases in food, this has resulted in operational needs pertaining to operations, logistics, delivery of food, and technology innovations. This \$1.8 million allocation is focused on operational and logistical support in order to support food network organizations capacity to store and deliver food. The funding supports refrigerators and coolers, delivery vans, storage equipment, and other items necessary for distribution of food. The funding also supports IT enhancements to integrate the food network, including provider organizations, grocers, community organizations, and 211.

This emergency food allocation proposal was developed with support from the MKE Civic Response Team which is leading a strategic response to the COVID-19 pandemic in Milwaukee and beyond.

Arts & Cultural Organizations (potential allocation)

A potential allocation of up to \$700,000 is provided for arts and cultural organizations which have been adversely impacted by the pandemic. Arts and cultural organizations have been significantly impacted by closures caused by COVID-19. Details surrounding the administration of this program have not been finalized. The Department of Administration will work with the Parks Department to develop a written method to be approved by the County Executive for his approval prior to any distribution of CARES funds for arts and cultural organizations.

Claiming Details

The Department of Administrative Services (DAS) is working with the Comptroller's Office and departments to prepare and submit claims pertaining to the County's CARES Coronavirus Relief Fund grant. To date, approximately \$38 million in CARES CRF claims have been submitted, including approximately \$26 million of Federal claims and \$12 million in State claims. The remaining grant amount of \$39 million is expected to be claimed in upcoming months.

When preparing claims for submission, DAS is performing a review of all County-wide costs for activities that are eligible for reimbursement under the fund. It is currently anticipated that

eligible expenditures will exceed the grant award of \$77.4 million. This is largely due to provisions in the CARES Act guidance which provide reimbursement for payroll costs for public safety and public health employees whose services are substantially dedicated to mitigating COVID-19. The County incurs a high amount of costs for front-line public safety and public health employees such as nurses, doctors, corrections officers, paramedics, sheriffs, and public safety officers.

At the end of the year, if there is under-spending within any of the line-item allocations approved by the County Board, DAS plans to submit claims for eligible expenditures within another eligible category of spending. For example, if the allocation for PPE and cleaning supplies is not fully spent by year-end, DAS may submit additional claims for eligible payroll cost reimbursement. As a result of these factors, it is anticipated that the final reimbursement claims will not be the exact same as the County Board allocations.

Federal Funding – Legislative Update

For the past several months, congress has been deliberating on new federal emergency funding packages which could impact current CARES Act allocations, and/or provide new emergency funding in 2021. The House passed the Heroes Act (Democratic proposal) which would provide \$375 billion in fiscal relief to local governments, but this has not been approved in the Senate. The Senate (Republican proposal) responded with the Heals Act which did not provide additional funding for local government but did provide added flexibility on money granted through the existing CARES Act, including an extension of spending deadlines into 2021. The President and the Treasury have attempted to negotiate a compromise which includes funding for State and local government, but an agreement has not been reached.

If additional federal funding is approved, this would result in revisions to COVID-19 allocations. Federal funding is critically needed in 2021 in order to support Countywide efforts to mitigate the impact of COVID-19, in order to provide economic supports needed in the community, and in order to sustain County government operations at a time when revenue collections are at high risk due to COVID-19 impacts.

Updates will continue to be provided to the County Board and Finance Committee on a regular basis.

RECOMMENDATIONS

The following recommendations are included in this report.

1. The Department of Administrative Services recommends realigning the allocation framework for the CARES fund, including revised allocations of \$25.1 for life safety expenses, \$12.6 million for emergency operating costs, and \$39.6 million for Economic Support and Public Health programs.
2. The Department of Administrative Services recommends increased funding for economic support programs by \$12.5 million, including an additional \$5 million for small business grants (increasing from \$7 million to \$12 million), an additional \$5 million for eviction

prevention (increasing from \$10 million to \$15 million), a new \$1.8 million allocation for food network support, and a potential new allocation for arts and cultural support of \$700,000.

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