



Office of the Comptroller

Milwaukee County

Scott B. Manske • Comptroller

DATE: December 7, 2020
TO: Supervisor Marcelia Nicholson, Chairwoman, County Board of Supervisors
FROM: Joseph Lamers, Director, Office of Performance, Strategy and Budget
SUBJECT: 2020 Report of Departmental Surpluses and Deficits - Addendum

File 20-809 as amended, states “DAS-PSB and the Office of the Comptroller shall explore the possibility of using a portion of any projected surplus County funds for onetime use expenditures to achieve efficiencies and/or deliver crucial services;” and that “a report shall be provided to the Milwaukee County Board of Supervisors for the December 2020 cycle providing information as to the likelihood of surplus tax levy funds, and outlining potential options for the strategic use of one-time use allocations for review and approval.”

This report accompanies the report from my office and the Comptroller relating to final allocation of the 2020 yearend surplus. Under State Statute, the one-time annual surplus of the County must be applied against the tax levy requirements of the subsequent year’s budget, in this case, the 2022 budget, or be transferred to the Debt Service Reserve.

The joint report between the Comptroller and DAS-PSB recommends the first \$12.5 million in surplus funds be utilized as follows:

1. Maintain the first \$5.0 million of surplus funds to offset the 2022 budget, consistent with actions taken in past years when the surpluses exceeded \$5.0 million.
2. Utilize \$2.5 million to maintain services through early 2021 at the Miller Park Testing Site. This \$2.5 million would come from the relocation of levy in Org Unit 9960 General County Debt Service made available by allocating \$2.5 million from the Debt Service Reserve to pay 2021 debt service. Funds would be replenished in the Debt Service Reserve if the 2020 surplus reached \$7.5 million.
3. Utilize \$5.0 million for emergency COVID-19 needs. This \$5.0 million would come from the relocation of levy in Org Unit 9960 General County Debt Service made available by allocating \$5.0 million from the Debt Service Reserve to pay 2021 debt service. Funds would be replenished if the 2020 surplus reached \$12.5 million.

Per the directive of File 20-809, and in addition to the allocation of available Debt Service Reserve funds above, the administration is recommending that the following one-time projects be approved:

1. Utilize \$0.7 million for IT Asset Protection and \$0.1 million for the Office of African American Affairs (OAAA) COVID-19 marketing and communication plan. This \$0.8 million would come from the relocation of levy in Org Unit 9960 General County Debt Service made available by allocating \$0.8 million from the Debt Service Reserve to pay 2021 debt service. Funds would be replenished if the 2020 surplus reached \$13.3 million. The IT Asset Protection project (WO65301 IT Asset Protection-Remediation Services-Phase 2) was recommended by the Capital Improvements Committee as part of the 2021 budget process, but was not funded within the 2021 adopted budget due to limitations in

available funds for cash financed capital projects. However, the project remains a critical need to allow IMSD to complete remediation of legacy systems and related software and is recommended for funding at this time. The OAAA communication and marketing plan will provide expenditure authority to allow OAAA to secure a vendor to perform a marketing campaign to highlight the need to address the dual pandemics of COVID-19 and racism using best practices in moving racial equity forward in local government.

The administration is also recommending that the approved CARES Act funding allocation be modified. The \$77.4 million CARES Act Coronavirus Relief Fund allocation approved by the County Board included \$2.0 million in funding to acquire properties to house individuals with housing insecurities whose housing options are limited because of COVID-19. During 2020, the Department of Health and Human Services explored multiple opportunities to acquire housing for this purpose. However, properties have not been purchased due to factors including an inability to reach final agreements on real estate negotiations, as well as changes in CARES Act guidance which have resulted in uncertainties surrounding eligibility for grant reimbursement. Since the \$2.0 million allocation is not being used for housing acquisition, the administration is proposing to reallocate this funding for the following purposes:

1. \$850,000 in funding is recommended for a Community Resilience Fund to support community organizations (primarily non-profit organizations) in order to respond to and heal from the impacts of COVID-19. Funding is recommended to be allocated to organizations for education and awareness, capacity building, systems improvement, and programming. The funding will be provided to groups that are experiencing disparate health impacts from the pandemic. This support was recommended by the COVID-19 Unified Emergency Operations Center.
2. An increase of \$1.15 million is recommended for eviction prevention services. This would increase the CARES allocation for eviction prevention services from \$15.0 million to \$16.15 million.

Recommendation:

The DAS-PSB recommends the additional approval to fund the IT Asset Protection and OAAA COVID-19 marketing and communication plan. Funds are provided from the relocation of levy in Org Unit 9960 General County Debt Service made available by allocating funds from the Debt Service Reserve to pay 2021 debt service. The additional allocation from the Debt Service Reserve will likely be replenished with 2020 surplus funds upon determination of the final audited yearend surplus. The DAS-PSB further recommends that the current CARES Act funding allocation be adjusted to provide \$0.85 million in funding for a Community Resilience Fund and an additional \$1.15 million for eviction prevention services.

Joe Lamers

Joseph Lamers, Director, Office of
Performance, Strategy and Budget

cc: David Crowley, County Executive
Supervisor Jason Haas, Chairperson, Finance Committee
Finance & Audit Committee

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Department of Administrative Services – Performance, Strategy, and Budget
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