

COUNTY OF MILWAUKEE
INTEROFFICE
COMMUNICATION

DATE : May 21, 2021

TO : Supervisor Marcelia Nicholson, Chair, County Board of Supervisors

FROM : Joe Lamers, Budget Director, Department of Administrative Service
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SUBJECT : American Rescue Plan Act of 2021 – Informational Report

OVERVIEW:

This report is being provided as an informational update on the American Rescue Plan Act (ARPA) and its impacts on Milwaukee County. Milwaukee County will receive \$183,696,189 in Coronavirus State and Local Fiscal Recovery Funds through ARPA. On May 10, 2021, the U.S. Department of the Treasury released guidance on how these funds can be used to respond to critical pandemic response needs, fill revenue shortfalls for governments, and support the communities hardest-hit by the COVID-19 crisis. This report provides information on Milwaukee County’s progress towards developing a framework for use of ARPA funds that includes community engagement, allocation decisions, and evaluation of investments.

BACKGROUND:

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Biden, providing \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments through Coronavirus State and Local Fiscal Recovery Funds (Recovery Funds). The following timeline applies to the local aid:

Key Date	Milestone
March 3, 2021	Beginning of the covered period for Recovery Fund
March 10, 2021	U.S. Department of the Treasury released the Interim Final Rule guidance for Coronavirus State and Local Fiscal Recovery Funds
May 15, 2021	Milwaukee County received payment in the amount of \$91,848,094.50
May 2022	Second payment of \$91,848,094.50 is to be received
December 31, 2024	Recovery Funds must be obligated
December 31, 2026	Recovery Funds must be spent, and work completed

Quarterly project and expenditure reports will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how Milwaukee County is using the resources provided by Coronavirus State and Local Fiscal Recovery Funds. The [Interim Financial Rule](#) details the allowable uses of the fund.

Local Fiscal Recovery Fund Allowable Uses

- A) Support Public Health Response – Services and programs to contain and mitigate the spread of

COVID-19, address behavioral healthcare needs exacerbated by the pandemic, and cover payroll and covered benefits expenses for employees working on COVID-19 response are eligible.

- B) Address Negative Economic Impacts – Programs to assist families, support small business, speed recovery of impacted sectors (i.e. tourism), and rebuilding public sector capacity are eligible.
- C) Serving the Hardest-Hit Communities and Families – Investments to address health disparities, social determinants of health, housing and neighborhoods, educational disparities, and healthy childhood environments are eligible.
- D) Replace Public Sector Revenue Loss – Counties may use funds to replace lost revenue and avoid cuts to government services. Recipients have broad latitude to use this funding to support government services, up to this amount of lost revenue.
- E) Provide Premium Pay for Essential Workers – Counties may use funds to provide premium pay to essential workers who must be physically present at jobs.
- F) Invest in Water, Sewer, and Broadband Infrastructure – Investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet are eligible.

Ineligible Expenses include deposits to a pension fund, funding debt service, legal settlements or judgments, deposits to rainy day funds or financial reserves.

Local Recovery Funds Allocation Process

The Department of Administrative Services is working with the County Executive's Office and a cross-departmental working group to establish a framework for allocating ARPA revenue that includes community engagement and evaluation elements. The framework will include collaboration with the County Executive, County Board, departments, and the public.

Guiding Principles for Decision-Making

The Government Finance Officers Association advised counties to acknowledge A) the temporary nature of the ARPA funds, B) opportunities to coordinate investments with state and local jurisdictions, and C) that it will take time to carefully consider how the funds should be used to address rescue efforts that lead to recovery. Milwaukee County will proceed thoughtfully under this guidance to ensure ARPA funds are applied to primarily non-reoccurring expenditures that will address rescue efforts and lead to recovery. Establishing a decision-making framework centered on the achievement of long-term outcomes will be a critical step to ensuring investments have impact on health and racial equity outcomes beyond 2024. County leaders are committed to taking the appropriate time to develop this framework.

Strategically Aligned Funding Allocations

Milwaukee County's vision is to be the healthiest county in Wisconsin by achieving racial equity. Our strategic plan will serve as a backbone for all ARPA allocation decisions. Specifically, the funds will advance our third strategic focus area, Invest in Equity, which includes investing upstream, enhancing the County's fiscal health, and dismantling barriers to diverse and inclusive communities. Through

this lens, Milwaukee County will invest ARPA resources in two broad categories: Financial Sustainability and Community Benefit.

Financial Sustainability. Consistent with other large municipal governments, Milwaukee County experienced significant revenue loss during the pandemic, and many of the Counties revenues sources continue to be below pre-pandemic levels. Financial stabilization through revenue recovery will allow the County to maintain service levels and provide funding for government services.

The Department of Administrative Services is working with the Comptroller's Office and departments to estimate the County's revenue loss due to the pandemic, based on County revenue trends applied to the formula provided by the U.S. Treasury within the ARPA guidance. Based on these calculations and trend assessments per ARPA guidance, the County will determine an allocation that covers revenue loss to maintain current government services. Revenue loss can be used to support government services.

The second priority for financial sustainability is to identify strategic investments that will improve the fiscal health of Milwaukee County and support the entity's longevity and ability to invest upstream for decades to come. Additionally, the County must build internal capacity to successfully implement economic relief programs and meet current and future pandemic operational needs.

ARPA funds will not solve the extreme fiscal challenges faced by the County. However, there is an opportunity to make an impact on our position by investing in areas that will save money over time and reserve valuable tax-payer dollars for preventative, upstream investments that improve health and racial equity outcomes for residents.

Community Benefit. Milwaukee County gained extensive information about the urgent and ongoing needs among our residents through its experience working with community partners to distribute \$77 million in funds provided by the CARES Act of 2020, Coronavirus Response and Relief Supplemental Appropriations Act of 2021, and various FEMA public assistance grants related to the COVID-19 pandemic. Building from this experience, the Community Benefit category will include projects that meet the following criteria:

- A) Address an urgent pandemic-related need of an identified population, or
- B) Activate an upstream strategy or preventative measure that:
 1. Requires a limited term (1-3 year) investment for implementation;
 2. Does not require ongoing financial commitment or has sustainable funding after 2024;
 3. Will have a system/structural impact on the upstream social determinants of health;
 4. Will improve critical infrastructure that will strategically provide benefits beyond 2021;
 5. Will measurably increase racial equity in Milwaukee County;
 6. Will include residents in collaborative decision-making;
 7. Will have trackable metrics, outputs and/or outcomes;
 8. Has not been implemented, in the proposed state, before the COVID-19 pandemic;
 9. Does NOT duplicate current efforts of state or city partners; and
 10. Aligns with the strategic vision and efforts of strategy teams in Milwaukee County.

Community Engagement

Milwaukee County intends on authentically engaging the community through a multi-pronged approach that promotes transparency. Strategies to inform, consult, involve and collaborate with community members are in development to reach populations that are most in need of resources. Milwaukee County will look to community experts to inform a comprehensive community engagement plan. An internal work group is forming to manage this element of Milwaukee County's ARPA

framework.

System-Level Collaboration

Collaboration with the State of Wisconsin, City of Milwaukee, and Milwaukee County municipalities will also be included in the process, given that the State and all municipalities are receiving allocations under the fund as shown below. A system-level collaboration will improve common outcomes much more efficiently than making independent funding decisions about complex problems.

Agency	Allocation
State of Wisconsin	\$2.5 billion
City of Milwaukee	\$394 million
Milwaukee County	\$183 million
Municipalities	\$82 million

Evaluation

Milwaukee County will work with an evaluation partner to design an evaluation plan that will allow leaders to analyze data and measure short, intermediate, and long-term progress toward our vision to become the healthiest county in Milwaukee by achieving racial equity. The evaluation team will support the County in linking ARPA processes and indicators of success to enterprise-wide outcome areas.

Additional Relief

The first bill of the two-part [American Jobs Plan](#) is expected to be signed into law by the fall of 2021. This plan will target areas in need of improvement, specific to each state, to support a healthy and growing economy, including transportation, water, broadband and power, housing and education, research and development, and manufacturing and labor. Milwaukee County will ensure all spending decisions are coordinated responsibly to advance our vision.

Next Steps

The Department of Administrative Services is coordinating the formation of the following work groups in relation to ARPA allocations and execution:

- Community Engagement
- Fund Management
- Fiscal Sustainability
- Community Benefit Programs
- Evaluation

A project management timeline is under development to ensure these intertwined groups and activities are coordinated in an efficient and impactful manner.

SUMMARY

This report is provided for informational purposes. Additional reports will be provided to the County Board regarding the allocation of funds.

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