

## RESEARCH AND ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU

### **Executive Summary: 2007 Proposed Budget – Grant and Aid Fund, Grants and Aid - Current Levy Special Purpose Account**

1. Overview – Only grants that are anticipated in the new Budget year (2007) are reflected in the Proposed Budget. Grants awarded in the current budget year (2006) are not shown, even though they may include activities that will occur in the new year (2007). **(Page 1)**
2. 2007 Projections – The 2007 Proposed Budget anticipates grants with a grantor share of \$74,433,047 will be awarded to the City in 2007. This includes a grantor share of \$18,000,000 for unanticipated grants. Grant expenditures require Common Council approval. **(Pages 1 and 2)**
3. In-Kind Share Elimination – The expenditure authority for In-Kind City share has been eliminated because the city's FMIS no longer records this expenditure. Prior to this change, the in-kind City share grant match was contained within department budgets. It is no longer necessary to deduct the in-kind contribution from the Grant And Aid Budget. **(Page 2)**
4. Grants and Aid – Current Levy Special Purpose Account – This account has been budgeted at \$50,000 for a number of years. Excess funds are typically carried over into the next budget year for a maximum of three years. The balance of \$50,000 reverted to the Tax Stabilization Fund at the end of 1999 because 1999 was the third year of the maximum carryover cycle. The account was funded in the 2001 Budget for \$5,000. The \$5,000 reverted to the Tax Stabilization Fund at the end of 2001. The 2007 Proposed Budget does not fund this account. **(Page 3)**

**RESEARCH AND ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU**

**2007 Proposed Budget Summary – Grant and Aid Fund**

	<b>2005 Actual</b>	<b>2006 Budget</b>	<b>% Chg</b>	<b>2006 Proposed</b>	<b>% Chg</b>
Grantor Share (Non-City)	\$62,702,361	\$79,020,376	26.0%	\$74,433,047	-5.8%
In-Kind City Share	\$0	\$0	0.0%	\$0	0.0%
Local Share (Current Levy)	\$0	\$0	0.0%	\$0	0.0%
Project Total	\$62,702,361	\$79,020,376	26.0%	\$74,433,047	-5.8%
Less In-Kind Contribution	\$0	\$0	0.0%	\$0	0.0%
<b>TOTAL</b>	<b>\$62,702,361</b>	<b>\$79,020,376</b>	<b>26.0%</b>	<b>\$74,433,047</b>	<b>-5.8%</b>

**PURPOSE:**

1. The Grant and Aid Fund provides expenditure authority for federal, state and other grants whose proceeds are restricted to operating expenditures for specific purposes. This fund serves as a "parent" account, which accumulates total grant funding to be allocated on a project by project basis during the budget year. No expenditures may be made from this account without Common Council approval as set forth by the Milwaukee Code.
2. Only grants anticipated to be awarded in the new Budget year (2007) are reflected in the 2007 Proposed Budget. Funds awarded in the current Budget year (2006) are not shown in this Budget, even though they may represent programs/activities that will occur in the new Budget year (2007).
3. Cash (Levy) match is provided through the Grant and Aid Special Purpose Account. An analysis of that account is attached to this analysis.

**PROPOSED BUDGET HIGHLIGHTS AND ISSUES**

More extensive analysis of individual grants is provided within Research and Analysis Section summaries for participating departments.

**GRANTOR SHARE**

	<b>2006</b>	<b>2007</b>	<b>Difference</b>	<b>% Change</b>
DOA-Administration	\$27,725,367	\$26,521,515	-\$1,203,852	-4.3%
City Development	\$ 1,540,000	1,837,000	297,000	19.3%
Fire	\$ 257,500	815,000	557,500	216.5%
Health	\$15,008,619	13,632,200	-1,376,419	-9.2%
Library	\$ 1,022,750	1,038,488	15,738	1.5%
Police	\$12,214,536	9,708,986	-2,505,550	-20.5%
Public Works	\$ 3,251,604	2,879,858	-371,746	-11.4%
Unanticipated	\$18,000,000	18,000,000	0	0
<b>TOTAL</b>	<b>\$79,020,376</b>	<b>\$74,433,047</b>	<b>-\$4,587,329</b>	

1. The 2007 Proposed Budget anticipates more than 80 operating grants, with a grantor (non-City) share of \$56,433,047 to be awarded to the City in 2007. An additional \$18,000,000 in unanticipated grant authority is also budgeted, bringing the total amount of anticipated grantor contributions to over \$74.4 million, or about \$4.5 million less in non-City grant revenues than was received in 2006. The anticipated grantor share is expected to offset 76% of the cost of programs supported in whole or part by grants.
2. The Comptroller's Office has recommended funding authority of \$18,000,000 for "unanticipated" grants (\$18 million grantor share). The 2007 Proposed Budget provides \$18,000,000, the same amount provided in 2006. Since revenues offset the account and there is no "draw down" without an award, increasing expenditure authority does not have a levy impact. The Comptroller's Office has indicated that the need for "unanticipated" funding is more generally the result of anticipated grants being received at higher than budgeted amounts, rather than new grant programs.
3. City departments with projected changes in grant funding in the 2007 Proposed Budget include:

- DOA (Community Block Grant Administration) – About 8 grants are projected in 2007 with a decrease of \$1.2 million in funding. Funding in 8 grants include HIDTA, Emergency Shelter Grant, HOME Program, American Dream Downpayment Initiative, Housing Opportunities for Persons with Aid, Weed & Seed Historic Clarke Square and Homeland Security Program and CDBG, which decreases by \$800,000, -4.3%.

With an anticipated decrease of CDBG funding, DOA will recommend decrease funding to city departments at \$9.6 million and \$8.1 million for grants to community based organizations. This is accomplished through eliminating \$350,000 for Operation Safe Neighborhoods by the Milwaukee Police Department and \$295,000 for Targeted Weekend Neighborhood Box Program by the Department of Public Works.

In the 2007 Proposed Budget, \$125,000 of CDBG reprogramming funds is targeted for Drivers Licensure and Employment Project, with an additional \$175,000 of funding through a new Special Purpose Account by Municipal Court.

- Health Department - Over 40 grants, resulting in a decrease of \$1.37 million in the grantor share funding, of \$13,362,200. Major grants, Municipal Health Services at \$5 million, Federally Qualified Health Center of \$1.1 million, Healthy Homes Demonstration of \$1 million and Meta House Family works at \$0.7 million are not funded in 2007. The anticipated \$13,362,200 in grant funding for 2007 is slightly less than the levy-supported Health Department budget of \$13,676,315.
  - Police Department. – With over 20 grants, the Police Department will receive an estimated \$9.7 million, a decrease of \$2.5 million. The larger grants include Miscellaneous Homeland Security Grants, Milwaukee MSA Interoperability Project, HIDTA, and Law Enforcement Technology Grants.
4. The Budget Office introduced a new method of accounting for grants in the 2001 Budget. The expenditure authority for In-Kind City Share has been eliminated because the city's FMIS no longer records this expenditure. Prior to this change, the in-kind City share grant match was contained within department budgets. It was necessary to deduct the in-kind contribution from the Grant And Aid Budget, and also reduce the City's total budget.

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## **FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU**

### **2007 Proposed Budget Summary: Grant and Aid – Current Levy Special Purpose Account**

**PURPOSE:** This account provides funding authorization for out-of-pocket cash match to all non-capital grants received by the City. Not all cash match for operating grants comes from this account. The Federal Asset Forfeiture Fund, for example, was used to provide cash match for the first year of a Police Hiring Grant and again as the match of funds for a technology grant to purchase Mobile Digital Computers (MDCs).

The Grant and Aid Fund has a tax levy impact.

**FACTORS AFFECTING FUNDING LEVEL:** Cutbacks or increases in aids from federal and state governmental units affect this account funding level. Matching requirements imposed by funding sources also affect the funding level. There is considerable fluctuation in the City's actual need for cash match. The policy has been to carry over unused funds for the maximum of a three year period to stabilize the effects of the fluctuation. In 1996, \$50,000 was provided. No additional funding was provided in 1997, 1998 or 1999 because of the availability of carryover.

In 1999, the Grant-In-Aid Fund had a balance of \$50,000 and it was the third year in which the unused funds were carried over. The balance of \$50,000 reverted to the Tax Stabilization Fund at the end of 1999.

The 2001 Budget funded this account at \$5,000 for unanticipated out-of-pocket (current levy) expenses associated with grants requiring cash matches. Few grants require cash matches, and this appropriation will allow the City to accept a grant that may require a cash match. The \$5,000 reverted to the Tax Stabilization Fund at the end of 2001. The 2007 Proposed Budget does not provide funding for this account.

In the past 10 years, most grants received by the City have either not required a cash match, or have required a very minimal match. In the past, the Contingent Fund has been used when this account has had insufficient funds for cash match.

### **DEPARTMENT MANAGING ACCOUNT: DOA-Intergovernmental Relations**

#### **EXPENDITURE TRENDS**

<u>2005 Actual</u>	<u>2006 Budgeted</u>	<u>% Change</u>	<u>2007 Proposed</u>	<u>% Change</u>
\$0	\$0	NA	\$0	NA

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